

# Your Wealth. Our Commitment.

CANACCORD Genuity  
Wealth Management

**In this issue:** Market update, The Numbers, what to do, Chart of the Month, Mandate of the Month, In the news (Small business tax, IMF Report, Economic Freedom Charts, RBC CEO on Cryptocurrency), Financial Planning corner.

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



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## What is happening?

Following a nearly uninterrupted rally of ~5% since their August lows, both the S&P/TSX and S&P 500 took a small breather this week. Investors may be pocketing profits ahead of the Q3 earnings season, remembering that a similar pause occurred following Q2 earnings reports in July-August. It also appears that a fed rate hike for December in the US seems imminent. The strong reading in producer and consumer price indexes this week reinforces such apprehension. Otherwise, a nagging feeling remains among investors that stocks may have gone too far too fast. Regarding economic statistics this week, the IMF revised its forecast for the global economy, expecting slightly stronger growth in 2018 (3.7%). But the IMF also warned against high debt levels in Canada, Australia, Brazil, China and Korea in its Global Financial Stability report. According to the IMF, high debt levels are likely to cause higher sensitivity to tighter financial conditions and economy activity.



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<i>CAN Equity (CAD)</i>	YE 2016	Wk-end	Chg this week	Chg in 2017
S&P/TSX Comp	15288	15807	0.5%	3.4%
S&P Total Return	49501	52324	0.5%	5.7%
S&P TSX 60	900	932	0.6%	3.6%
<i>US Equity (USD)</i>				
S&P 500	2239	2553	0.2%	14.0%
S&P Total Return	4279	4957	0.2%	15.9%
Nasdaq	5383	6606	0.2%	22.7%
<i>Inter. Equity (USD)</i>				
MSCI World	1364	1532	0.3%	12.3%
MSCI EAFE	1684	2004	1.6%	19.0%
MSCI Emerg. Mkts.	47651	59927	1.4%	25.8%
FTSE 100 (GBP)	7143	7535	0.2%	5.5%
DAX 30 (KR)	11481	12992	0.3%	13.2%
<i>Commodities (USD)</i>				
Gold	1157	1300	2.2%	12.3%
Oil	\$53.75	\$51.43	4.2%	-4.3%

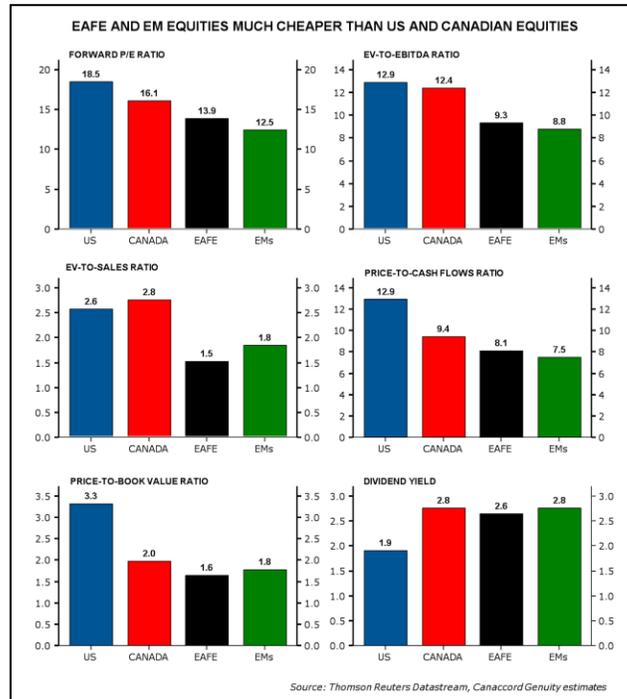
## What to do? Notes from Global Strategist Martin Roberge.

Global equities: no change in our pecking order. So far this year, our theme of favouring EAFE (EFA-US and EM (EEM-US) equities over US (SPY-US) and Canadian (XIU-T) equities has panned out nicely for Canadian-based investors. Importantly, the appreciation of foreign currencies has compounded returns for unhedged investors. Despite stellar returns, we believe holding OW and unhedged EAFE and EM equity exposure in Q4 still makes sense. Indeed, these two regions remain much cheaper than North America from any valuation yardstick we can think of. Easier monetary policies in EAFE and EMs should continue to narrow valuation gaps. Moreover, currency-wise, our long-held view remains that as long as global growth is accelerating, the primary trend for the US\$ is down. As for Canadian investors, we also believe the loonie remains expensive vs. the euro, GBP and yen according to purchasing power parity. This premium valuation, we believe, makes little sense considering that Canada runs massive current account deficits vs. huge surpluses in continental Europe and in Asia.

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](#)

## Chart of the Week:

Pricing the world versus Canada and the US.



## Mandate of the Month: Guardian Global Fundamental Balanced

**Strategy:** This mandate is comprised of a combination of Guardian Fundamental Global Equity and Guardian Fixed Income Core mandates. The Global Equity product is a concentrated long only strategy with 20-25 high quality growth investments. Growth is achieved by investing in high quality securities that drive returns and provide protection in down markets. Quality is determined by in-depth, bottom-up analysis creating a “high confidence pool” of stocks exhibiting sustainable growth characteristics. As a result of the sustainable growth bias, cyclical companies and sectors are excluded from the portfolio because of the lack of quality metrics throughout all economic cycles. The resultant portfolio is broadly diversified by issuer, sector and geographic region, without being subject to minimum or maximum allocation constraints by country. Guardian uses the PC Bond database to track the historical spreads of up to 2,000 separate issues. The three factors that most commonly force a decision to sell are: 1) A change in targeted duration; 2) A shift in relative sector valuations; 3) Pricing anomalies within sectors. Guardian will hold 10-35 issues and have an overall portfolio quality rating of "A" or better. They will also hold no more than a max of 10% in securities with a rating of "BBB". Securities with a rating below "BBB" will not be purchased. E-mail [Steve](#) or [Drew](#) for more details, or [click here to see the note](#).

## What are we reading:

-Throw another log on the fire: <http://www.macleans.ca/politics/ottawa/throw-another-minister-on-the-bonfire-the-ballad-of-bill-morneau/amp/>

-World economic outlook from the IMF: <https://www.imf.org/en/Publications/WEO/Issues/2017/09/19/world-economic-outlook-october-2017?hootPostID=935c07632e3b890feeaf678acf945752>

-How the mighty have fallen; Canada out of the top ten in economic freedom:

[https://www.fraserinstitute.org/article/canada-no-longer-among-top-10-most-economically-free-countries?lipi=urn%3Aii%3Apage%3Ad\\_flagship3\\_feed%3Bpjx6QfPrRpm7X4%2Fo6ml4SQ%3D%3D](https://www.fraserinstitute.org/article/canada-no-longer-among-top-10-most-economically-free-countries?lipi=urn%3Aii%3Apage%3Ad_flagship3_feed%3Bpjx6QfPrRpm7X4%2Fo6ml4SQ%3D%3D)

-Ontario's New Minimum Wage: <https://www.fraserinstitute.org/sites/default/files/ontario-enters-uncharted-waters-with-a-15-dollar-minimum-wage.pdf>

-Dave talks Cryptocurrency; RBC Chief speaks:

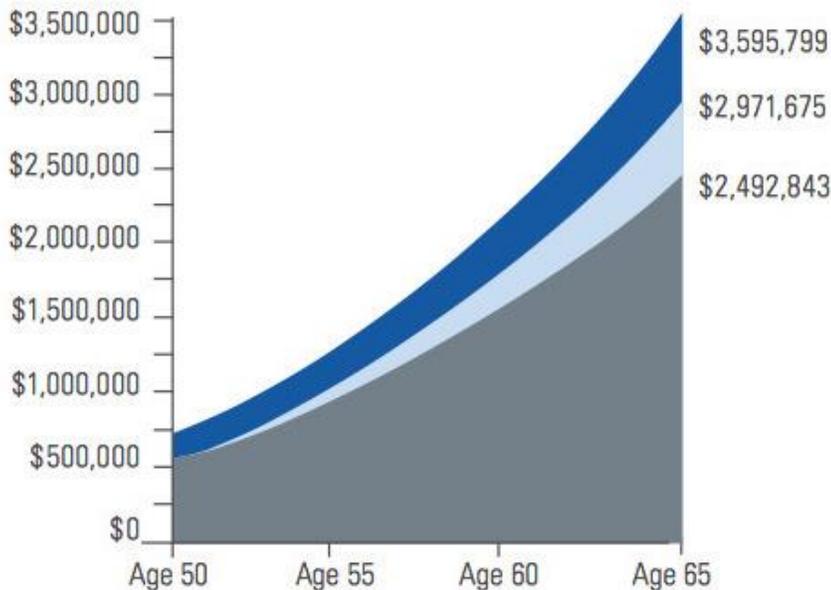
[https://share.insider.thomsonreuters.com/link?entryId=1\\_ait4i41z&utm\\_id=wm1506952680838&linkId=43201659](https://share.insider.thomsonreuters.com/link?entryId=1_ait4i41z&utm_id=wm1506952680838&linkId=43201659)

## 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, but 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](#)

**Individual Pension Plans (IPP's):** A customized solution for people who have grown their business first. An IPP is specifically designed for a business owner of an incorporated company, an incorporated professional or executive, age 40 and over, earning \$100,000+. That said, an IPP can be established for someone with lower earnings. Having partnered with GBL we can help you see why this may be worth exploring for you. See below for an example of the difference. Take a further [look here](#) to see how IPP's benefit our clients.



### Assumptions

- Client age: 50
- Income: \$150,000
- Salary increase: 5.5%\*
- Rate of return: 7.5%\*
- Payment indexing after retirement: 3%\*
- Retirement age: 65

\*Set by the CRA

- PPP including past years of service
- PPP without past service
- RRSP

[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.**

Check us out at: [www.stevestavidis.ca](http://www.stevestavidis.ca)