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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 ([Toronto's Amazon Pitch Deck](#), NK Bitcoin, Life Insurance for young people, Homeownership doesn't equal retirement, Tri-lateralism under NAFTA), Financial Planning corner.
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What is happening?

Regarding economic statistics this week, the BoC left its target rate unchanged, as expected. But all eyes were on the central bank statement for hints regarding the future path of interest rates. In all, the BoC remains data dependent and will pay attention to NAFTA negotiations as well as the impact of policy changes affecting the housing market and higher interest rates on the economy. In the end, comments from the BoC tempered rate-hike expectations and added to downward pressures on the CDN\$.

In our view, investors are not adjusting expectations up enough to reflect the current tailwinds for growth. These include: (1) a global synchronized recovery; (2) the impact of a weak US dollar on EPS; (3) capital spending plans improving; (4) real household median incomes jumping; and (5) the strong possibility of a cut in corporate tax rates in 2018. The underappreciated economic reacceleration causes us to favor "pro-growth" sectors such as Financials, Industrials, Materials and to a lesser degree Energy.



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<i>CAN Equity (CAD)</i>	YE 2016	Wk-end	Chg this week	Chg in 2017
S&P/TSX Comp	15288	15954	0.6%	4.4%
S&P Total Return	49501	52847	0.7%	6.8%
S&P TSX 60	900	944	0.7%	4.9%
<i>US Equity (USD)</i>				
S&P 500	2239	2581	0.2%	15.3%
S&P Total Return	4279	5013	0.2%	17.2%
Nasdaq	5383	6606	1.1%	24.5%
<i>Inter. Equity (USD)</i>				
MSCI World	1364	1550	0.5%	13.6%
MSCI EAFE	1684	1991	-0.4%	18.2%
MSCI Emerg. Mkts.	47651	59698	-0.2%	25.3%
FTSE 100 (GBP)	7143	7505	-0.2%	5.1%
DAX 30 (KR)	11481	13218	1.7%	15.1%
<i>Commodities (USD)</i>				
Gold	1157	1270	-1.0%	9.7%
Oil	\$53.75	\$53.92	4.4%	0.3%

What to do?

So, while the above happens at home, here is what's happening abroad and what you need to be aware of: We have been banging the drum on a global perspective for the portfolio, and it only reinforces our views with news like this. Asia has set itself up with political stability contrasting the continued misgivings in the US, even with the carrot being dangled of increased deregulation (Trump has now dipped below his previous low approval rating of 38%), and Europe trying to consolidate Brexit and Spain, plus a rising wave of populism as demonstrated by Austria and the election of Sebastian Kurz. Meanwhile, as mentioned earlier, Asia has positioned itself to continue pushing the drive on global economic growth with Xi Jinping consolidating power with an official recognition of the "Xi Thought" in the party constitution (Think Mao and Deng). Meanwhile, in Japan, the incumbent government led by Shinzo Abe secured a two-third 'supermajority' in the lower house in last week's general election, pointing to a continuation of Abenomics and a possible reform of the country's pacifist constitution. All part of the global look.

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](#)

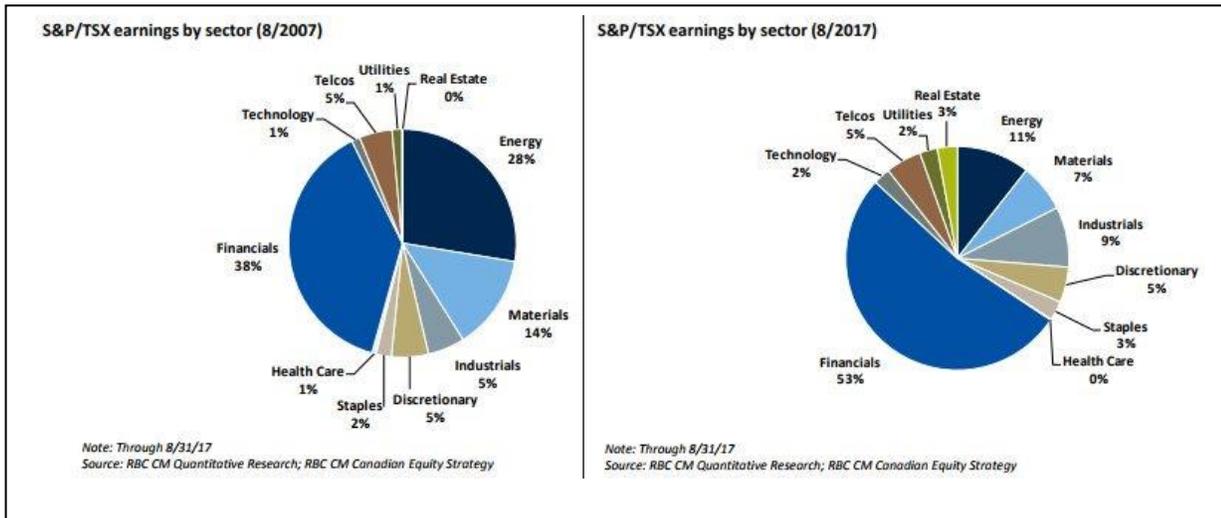


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Chart of the Week:

How times have changed... what should come as a surprise to no one, the Canadian Market has focused into financials. With the current price of oil and natural gas, moved away from energy related growth. Real estate has increased due to strong markets surrounding Toronto and Vancouver. Materials have been a tough spot, with only the outliers (Lithium, Cobalt) showing significant growth in this sector, although stability seems to be finally occurring at \$50+..... This marked concentration reiterates the necessary challenges in proper diversification in the Canadian market.



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:

- Amazon comes to Toronto, full pitch deck: https://s3.ca-central-1.amazonaws.com/torontoglobal/TorontoRegionResponsetoAmazonHQ2RFP_PD.pdf?utm_content=buffer4331a&utm_medium=social&utm_source=linkedin.com&utm_campaign=buffer
- North Korea likes Bitcoin, do you? <https://oilprice.com/Geopolitics/International/Bitcoin-Becomes-Part-Of-North-Koreas-Geopolitical-Arsenal.html>
- When should young people buy life insurance?: http://www.advisor.ca/insurance/life/when-should-young-people-buy-life-insurance-239266?utm_source=EmailMarketing&utm_medium=email&utm_campaign=AM_Bulletin
- We don't see eye to eye often, but Rob Carrick is right here, homeownership won't fund retirement: <https://beta.theglobeandmail.com/globe-investor/personal-finance/household-finances/sorry-to-burst-your-bubble-but-owning-a-home-wont-fund-your-retirement/article36396255/?ref=http%3A%2F%2Fwww.theglobeandmail.com>
- Global Strategist Robert Jukes talks Tri-lateralism in NAFTA: <http://www.canaccordgenuity.com/PageFiles/11/Breakin%20Up%20Is%20Hard%20To%20Do%20-%202010-22-17.pdf?hootPostID=905a4430aec451db896e4027601a9003>

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](#)

Individual Pension Plans (IPP's) a case study: Jane Doe is a 55 year old business owner. After paying off her house and children's education she wants to contribute more to her retirement. The business has proven successful and the extra earnings are piling up. She has an RRSP worth \$450,000 and has been taking a salary from his business for the last 10 years. As a result of these past years of service, he will have a \$200,000 past service contribution from his business to help fund the IPP.



- As the above graph shows the first year IPP contributions are \$29,500 vs only \$22,970 for an RRSP (2011). At age 65 the IPP contribution is a full 93% greater than the traditional RRSP.
- The graph to the right shows how much faster the IPP value surpasses the RRSP value by 102.65% by age 71 due to the higher contribution limits. There is a \$200,000 increase for the IPP vs the RRSP in the first year due to the past service contribution, which is a tax deductible expense to the business.



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

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