

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 (Provincial imbalance, NAFTA update, Real Estate.), Financial Planning corner.

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What happened?

Many key US equity indexes have quietly marched to new highs this week despite plenty of talk that stocks are overvalued with the S&P 500 trading at 19.7x trailing EPS, a first decile ranking since 1950. The S&P/TSX also climbed thanks to the strong showing of crude oil, natural gas and energy stocks, which rose ~5%. Another highlight is the price of lumber, which hit the \$400/bdf level as post-hurricane rebuilding is tightening an already tight supply market in the US. The prospect of easing softwood tariffs on Canadian lumber has turbocharged lumber stocks (~3%). On the currency front, after the Euro and CAN\$ surge, the British pound sterling spiked 3% as the BoE is getting ready to hike rates. The DXY just cannot get a break, recording a second weekly close below its 200-wma (92.70). Lastly, US and Canadian bond yields jumped despite mixed economic data (more below). So far in September, Canadian 10-year yields are up 25bps, leaving only 10bps before they close the gap with US yields.



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<i>CAN Equity</i>	YE 2016	Wk-end	Chg this week	Chg in 2017
S&P/TSX Comp	15288	15173	1.3%	-0.7%
S&P Total Return	49501	50104	1.3%	1.3%
S&P TSX 60	900	891	1.3%	-1.0%
<i>US Equity</i>				
S&P 500	2239	2500	1.6%	11.7%
S&P Total Return	4279	4849	1.6%	13.3%
Nasdaq	5383	6448	1.4%	19.8%
<i>International Equity</i>				
MSCI World	1364	1493	1.4%	9.5%
MSCI EAFE	1684	1964	0.5%	16.6%
MSCI Emerg. Mkts.	47651	58340	1.4%	22.4%
FTSE 100	7143	7215	-2.2%	1.0%
DAX 30	11481	12519	1.7%	9.0%
<i>Commodities</i>				
Gold	1157	1322	-1.8%	14.2%
Oil	\$53.75	\$49.90	5.2%	-7.2%

What to do? Think bigger than the competition.

Over the past month we have seen a lot of big moves across many sectors. The Houston Rockets sold for a measly \$2.2B, Bitcoin headed for the moon and crested \$4.5K on.....?, Apple saw a surge prior to the iPhone release, even though we all knew this as a planned event for months, and although Tesla (TSLA) has seen a bit of a correction, it still surged ahead even with Mr. Musk commenting that it's "higher than we deserve." So where does that leave things? The Rockets were bought at a multiple of 35x, Bitcoin is trading as though it's headed to replace the Federal Reserve Bank and TSLA is self-acknowledged above its weight class. The point here is the market hype is real. There is froth in the water as investors return from summer and look for opportunity. **Which is why we want you to think bigger.** Sticking with a strategy which focuses on prudent asset allocation within your portfolio will serve long term goals. Chasing the value around a ticker sheet isn't going to solidify you in retirement, plan for a house or vacation property, or putting kids through University- it will make you feel like a hero at the water cooler however. Click the link below to see how we use Global Asset Allocation as one tool within a balanced portfolio to build and maintain your money.

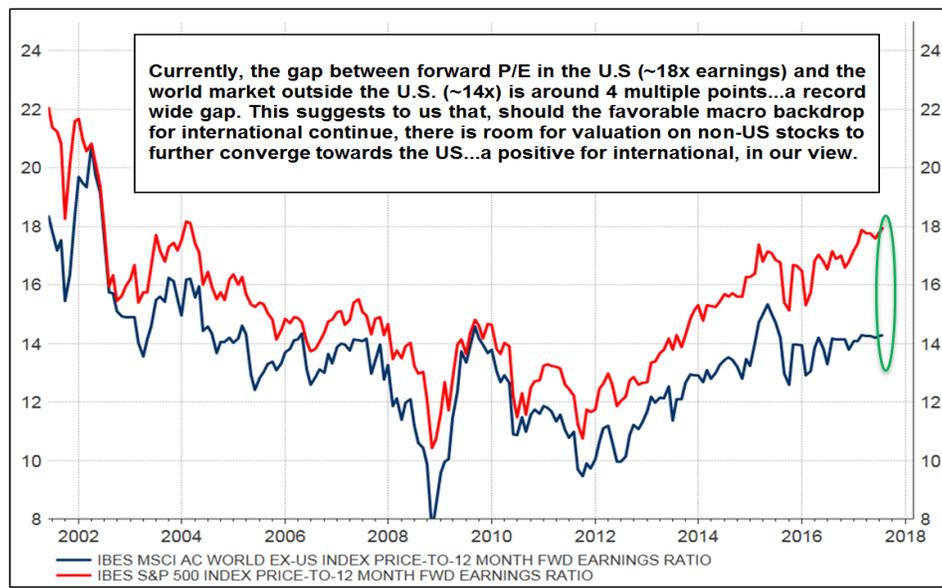
Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further [click here](#):



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Chart of the Month:

This chart locked in our conviction on the global mandate- looking past the North American market. While critical as a global economic driver, the US is priced high. Take a look at the returns for this year and what markets they are being driven on. Balanced across all reported numbers from the top of this report you would be seeing an average of 9%; very respectable (with equal weightings). Now look at the gap between PE in the US against the World Index- While we still see the US as having growth, there is opportunity elsewhere. It goes back to the thesis: Think Bigger.



Mandate of the Month: Canaccord Global ETF Portfolios

With today's more complex and globally interconnected markets, many investors put their trust in professional portfolio management to build and protect wealth. The CC ETF Portfolios are driven by a **dynamic allocation process**. The portfolios focus investment exposure in areas of market strength and reduce capital in areas of relative weakness. The PM team aims to generate excess return and control risk by under and overweighting asset classes, countries and currencies in the portfolio by selecting best-in-class ETFs for each investment exposure (i.e. combining a top down and bottom up view). The team draws on a **database of more than 3,500 ETFs**, examining characteristics such as size, style, sector, liquidity, cost and overall quality. The portfolios are rebalanced on a discretionary basis pending on market conditions. All ETFs in the Complete Canaccord ETF Portfolios are rigorously analyzed to provide value-added investment returns through various economic and market conditions. E-mail [Steve](#) or [Drew](#) for more details, or [click here to see the note](#).

Thoughts on a new Canada. Provincial balance in the year 151: <https://www.fraserinstitute.org/sites/default/files/canadas-past-fiscal-leaders-are-now-fiscal-laggards-execsum.pdf>

NAFTA: Talks continue, who's fighting who at the table?: <https://www.economist.com/news/finance-and-economics/21727912-business-congress-and-law-he-faces-obstacles-nafta-donald-trumps-most>

CREA National Real Estate Outlook: <http://www.crea.ca/housing-market-stats/quarterly-forecasts/>

Bitcoin Investment Trust makes it to market: First Block Capital has a new Investment Trust (think Mutual Fund) linked to Bitcoin. It's a new world.

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](#)

Back to basics: Get a will in order: If that isn't a simple enough starting point, I can't imagine where to begin. Stay tuned next edition on October 2 for a complete run down on why wills are an absolute necessity.

[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.stevstavridis.ca