

# Stock surge reflects baseless optimism: expert

PAUL DELEAN  
THE GAZETTE

The stock market is off to a flying start this year in the U.S. and Canada, but veteran Montreal money manager Marc Dalpé isn't buying it.

Dalpé has almost 30 per cent of the \$500 million in assets that he manages in cash, the highest percentage in his 15 years with investment firm DalpéMilette.

It's been that way for over a year, prudence that he concedes bit into returns, because equities ended 2012 with decent gains.

"I sense in the (stock) market right now an optimism and calm that isn't warranted," he said Tuesday after giving his annual outlook conference to clients in Montreal.

"There are a lot of plates in the air, a lot of unstable and potentially difficult situations, and a few are probably going to break. Everything is not rosy in the world."

Dalpé said he believes the U.S. isn't close to resolving its fiscal issues, and austerity measures and unemployment rates as high as 25 per cent in some European countries are another powder keg.

In Canada, the elevated

level of household debt is a cause for concern.

All of which leads him to believe a market correction in the order of 10 or 15 per cent is likely in the next year.

"The challenge for investors will be predicting when it gets triggered."

Where Dalpé does see a silver lining is in emerging markets.

They've been the global drivers of the past decade and continue to offer the best prospects because of their substantial and growing consumer populations and increasing urbanization, he said.

Within a dozen years, they're expected to account for half the world's consumer spending. China alone will have 121 cities with populations of one million or more, he said, compared with 46 for the U.S.

Investing in emerging markets directly or through multinational companies that serve them, is a way Canadians can tap into their economic growth stories. They represent about one-third of the equity holdings Dalpé manages, with the balance in Canadian stocks.

He's missed a strong rally

in U.S. stocks by being absent from that market over the past two years, but said he's now contemplating a return, due in part to the current strength of the Canadian dollar.

Canadian markets had an exceptional decade, but prospects at this point are not as promising, he said.

Demand for our natural resources is unlikely to grow as rapidly, the high Canadian dollar puts competitive pressure on our exporters and high housing prices may constrict consumer spending.

All of which makes it advisable to diversify geographically and "not let ourselves be lulled to sleep by the apparent comfort of domestic investments," Dalpé says.

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## CANASSURANCE HOSPITAL SERVICE ASSOCIATION

### NOTICE OF THE GENERAL ANNUAL MEETING AND OF A SPECIAL MEETING OF THE GOVERNORS

Notice is hereby given to the subscribers that the General Annual Meeting and a Special Meeting of the Governors of the Association will be held at the Mount Royal Club, 1175 Sherbrooke Street West, Montreal, on Wednesday March 20, 2013 at 6:00 p.m. in order:

- To receive the annual report of the Board of Directors and the financial statements of the Association for the period terminated on December 31, 2012;
- To elect the new governors, the members of the Board of Directors, the officers, the members of the Nominating Committee, to appoint the auditors and determine their remuneration, and to study any other matter that could be regularly brought before the meeting;
- To adopt a by-law to fix the aggregate amount of remuneration which may be paid to directors for the year 2013; and
- To adopt by-law NO 1-A 2013 - by-law relating generally to the conduct of the affairs and business of the Association - in replacement of by-law NO 1-A 2009 of the Association.

By order of the Board  
of Governors

Gérard Douville  
Honorary Secretary-Treasurer

Montreal, February 20, 2013

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