

# The Market Letter

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March 8, 2018

## Market Commentary

I would like to put the current situation of recent high volatility and a significant sell-off into perspective. Only a few weeks ago, the Canadian benchmark was trading below its 2008 peak, mainly because losses in the resource sector, especially oil & gas, had more than offset gains in utilities, pipelines, and banks.

Over the past year, the S&P/TSX Composite Index has been the single worst National Index in the developed world – essentially flat contrasted by the US S&P500 Index up 15% over the same period.

In spite of the TSX trading little above its cyclical peaks of 2008, 2014, and 2017, factoring in dividends does boost investor annual returns into positive territory to an annual compounded return of 3.9% over the past 10 years. This is still better than returns on GICs or short term interest vehicles.

That is history. What do we do now? My advice is to stay the course. Markets have begun to recover from their recent lows. Major corporate tax cuts in the US, historically low interest rates, and a firming resource sector are all very stimulative for Canadian equities if you can stand the volatility. Canadian high quality stocks are also better valued based on their underperformance globally.

I also feel it may still be a good time to further diversify a portion of one's portfolio to include more global exposure. My top choice is the **Fiera Capital Defensive Global Equity Fund**, which provides upside with limited downside. Last year they returned 17% and are positive since the start of 2018 despite the recent sell-off. Fiera has \$129 billion in assets and is the #1 largest endowment & foundations manager in Canada. Please contact us for more information.

## Taxes

1. As always, the deadline to file your tax return is April 30<sup>th</sup> so no need to panic.
2. Please contact us for realized capital gains/losses reports.
3. **IMPORTANT: T3's do not have to be mailed until the last week of March. Since many clients will be receiving T3's, it is best to wait until after the first week of April to file.**

## Estate Planning

Clients of all ages should make sure their estate plan is up to date. A few simple strategies:

1. Be sure to designate beneficiaries on your registered accounts (RRSPs, RRIFs, and TFSAs).
2. If you have already designated a beneficiary this is indicated on your NBF portfolio statement. Please check to make sure these designations are correct and up-to-date. If you have not designated a beneficiary, it will simply show as “Your Estate”.
3. Be sure to review your Wills and Power of Attorneys (PoA) to make sure they are up-to-date. Please contact us if you require the name of a Lawyer to draft a Will or PoA.
4. Review your insurance policies to ensure they provide adequate coverage or are still relevant to your current situation. We have an excellent insurance specialist in our office who can review your policies. Please contact us for further information.
5. Tax-Free Savings Accounts (TFSAs) are an effective estate planning tool for creating a large tax-free nest egg. The annual contribution limit is \$5500. If you’ve never started one, you can contribute \$7,500 immediately. Anyone who has excess savings should have a TFSA.

## Banking Services

We offer all bank financing packages including mortgages and lines of credit. Please contact us for the best rates if you are thinking of purchasing a property, refinancing your mortgage, tapping into your home’s equity, or borrowing for a project.

## Fixed Income Rates

GIC		Daily Money				
1yr	2.25%	Altamira Cash Performer (CAD)	1.35%			
2yr	2.50%	Altamira Cash Performer (USD)	0.90%			
3yr	2.75%					
4yr	2.82%					
5yr	3.08%					

Rates are as of March 8, 2018 and are subject to change at any time.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether this security or sector is suitable for you and to obtain complete information, including the main risk factors.

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