TD Wealth

Investor behaviour

Monthly Perspectives | Portfolio Advice & Investment Research

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Investors are feeling high levels of stress about their financial well-being. Many fear that the actions of President Donald Trump are going to lead to a world where many of the things we hold dear will be left in tatters.

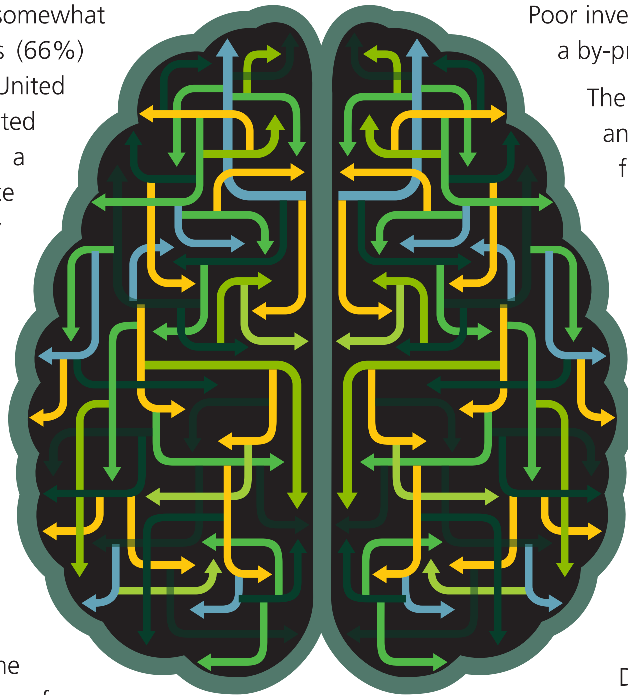
Although politics and economics have been top of mind for many investors for quite some time, the U.S. election brought the discussion, along with stress, to a new level. But is President Donald Trump really the biggest threat to your financial well-being?

This month, we help answer this question by turning away from the constant stream of social media and news, real or fake, and instead focus on investors and their individual financial blind spots and investing tendencies. Perhaps it's not the information, but how we process it that matters most. We also consider the importance of keeping perspective and the travails of market timing. Lastly, it is tax time again so we have provided a tax-filing checklist to help you prepare.

The space between your ears

Brad Simpson, Chief Wealth Strategist

According to a survey released in mid-February by the American Psychological Association (APA), Americans are currently feeling more stressed than they have in the past decade. Every August this association, which represents psychologists from across the United States, polls Americans about their stress levels. Year after year, the baseline results reveal people are stressed over work, money and the economy (61%, 58% and 50%, respectively in 2016). This should not be a surprise to anyone who has listened to coffee shop banter on any given morning. Due to rise of stress, the APA performed a follow up survey in January 2017 to dig deeper into the impact of politics on people's mental health. They found that more than half of Americans (57%) reported that the current political climate is a very or somewhat significant source of stress. Two-thirds (66%) said the same about the future of the United States, and nearly half (49%) reported that the outcome of the election is a very or somewhat significant source of stress. These results are echoed by the therapists who cite political angst consuming therapy sessions with patients.



While this is an American survey, this unease knows no borders. One of the greatest parts of my working life is the opportunity to provide investment updates to our clients and their accountants, lawyers and other professionals. These presentations often end with a great deal of questions and some raucous debate. In my twenty-five years of experience, the only time I've witnessed more emotionally charged, fear laden questions was during the Great Financial Crisis in 2008. However, this was a different type of fear: People were worried about their savings and their families' financial futures. Today, if the questions I'm asked are any indication, people are deeply concerned that our way of life may be in peril. The economic threat is a factor, but it is secondary.

The origin of this fear is simple: President Donald Trump. His unorthodox approach, and the uncertainty that his words, actions and vague policies breed is considerable. Making matters worse: Social media feeds the uncertainty and compounds the fear. Again, the August APA survey revealed that social media conversations about politics and culture have had a negative impact on Americans. Nearly 4 in 10 adults (38%) said that political and cultural discussions on social media caused them stress. In addition, adults who used social media were more likely than those who did not, say the election was a very or somewhat significant source of stress (54% vs. 45 %, respectively).

While all this fear is understandable, the long term impact of this new U.S. administration and the changes it will bring are numerous and varied. One of the great discoveries in the ground breaking behavioural economic work by Amos Tversky and Daniel Kahneman is the fact that humans have incredible confidence in their own ability to predict outcomes. Contrary to this, their work suggests that we have an inner statistician that is often terrible at predicting outcomes, especially when they are numerous and complex. Right now our inner odds-maker is setting high probabilities that the actions of President Trump are going to lead to a world where many of the things we hold dear, such as rule of law, separation of powers and free speech, will be left in tatters. Poor investment performance, it is feared, will be a by-product.

The questions from here: Is the political and economic world we live in really that fragile? Are our numerous friends and connections on Facebook and LinkedIn right in prognosticating the worst with little hope for the best? In contrast, what if our political system is working today precisely the way it is designed? And finally, what if the biggest risk to our financial well-being is not going on in the political and economic universe but instead in the space between our ears?

About four years ago I read a book by a MIT economics professor and University of Chicago political scientist, Duron Acemoglu and James A. Robinson. The book was called: "Why Nations Fail: The Origins of Power, Prosperity and Poverty." I have been thinking a lot about this book lately and how it pertains to the current environment. The premise is that developed countries are prosperous because of their inclusive economic and political institutions. These institutions have evolved in the developed world over the last four hundred years with the following attributes:

1. There are incentives for people to invest and innovate by guaranteeing private property rights and enforcing contract law.
2. There is investment and growth through providing education and infrastructure.
3. The state is controlled by its citizens, rather than monopolized by a small elite.
4. There are embedded democratic principles at work in which people in politics establish institutions and laws that work for the majority.
5. The state maintains a monopoly on violence, which means there is centralized law and order.

The space between your ears (cont'd)

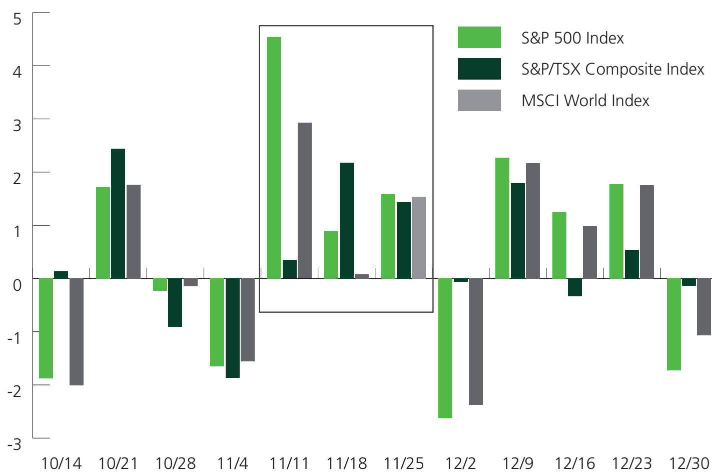
Brad Simpson, Chief Wealth Strategist

A constant theme throughout the book is that once progressive change is out of the bottle, and moving towards an inclusive society, it is hard to stop the flow. The benefits for the majority are self-reinforcing and institutions are put into place to ensure that challenges are met with vigorous opposition. As a result, our way of life has a strong foundation; our inclusive political and economic institutions may be bending but they are a long way from breaking. In the United States, the framers of the constitution foresaw the potential for future challenges, which is why American political and economic institutions are structured to provide checks and balances. As a consequence, time heals all wounds. Winston Churchill once said that "Americans will always do the right thing after exhausting all the alternatives."

We believe that investors need to broaden their time horizons from the immediate term to the longer term. We also think it may be wise to turn off your social media a few hours before bedtime. It will be better for your mental health and your financial well-being, and you will sleep better (studies show that the blue light emanating from electronic devices affects the sleep inducing hormone melatonin negatively, impacting your bodies' internal clock known as the circadian rhythm).

Times like this play havoc with our emotions, but they don't have to have an adverse impact on your investments. Recently, an advisor shared with me a story about a client who sold all his equity investments prior to American election night, fearing, like many investors, dire ramifications of Donald Trump's victory. The client's worst fears have not materialized and he is now feeling angst over missing the so called "Trump Bump" experienced by markets since the election (figure 1).

Figure 1: The "Trump Bump"



Source: Bloomberg Finance L.P. Total Returns. As at December 30, 2016.

Worse, the client now feels paralyzed because he didn't want to potentially lose money going back into markets at new highs. This is a predicament for any investor.

Behavioural economists have a number of ways of explaining these actions, including overconfidence bias, loss and regret aversion. These terms often seem too clinical and unapproachable. A better way is to acknowledge that all of us have investment blind spots and that by understanding, acknowledging and reducing their impact, investors can improve the likelihood that they will stay on course to reach their goals. Just like with your investments, you can hedge for mistakes in the way you make decisions.

So much of financial planning is behavioural management. Figuring out your blind spots can be incredibly enlightening, impacting and life changing. It can also increase the likelihood that you will avoid more mistakes and produce better returns. At TD Wealth, we have spent years developing a discovery tool that your advisor can use to work with you on this path of understanding. We invite you to reach out to your advisor and make this a part of your overall wealth plan. Many Canadians are feeling the same concerns APA uncovered in their survey of our American cousins. We cannot divine the future, but we can put safeguards in place to make sure we act with certainty when uncertain things occur. At TD Wealth, we believe that in 2017 there will be a broad range of potential outcomes; it is crucial for investors to retain a long-term perspective, be mindful of the gaps in their thinking and maximize diversification benefits within their portfolios.

All about perspective

Sheldon Dong, CFA, Fixed Income Strategist

U.S. President Donald Trump may be onto something about fake news, especially opinions presented as facts. Fake news emerged as a significant issue in 2016 as the ease of access to online and social media made it simple to create and disseminate statements that others will believe, even if they are total fabrications. Behaviourally, following events makes people feel they are actively involved in them and well informed. In turn, people think and act with more confidence when they consider themselves informed. However, in our increasingly hyper-connected, 24/7 media world, the desire for content providers is "eyeballs," while the desire for consumers is to stay instantaneously connected to issues that matter to them. Most consumers of news suffer from a confirmation bias—seeking stories that reinforce their own views. In an increasingly partisan news media environment, the concept of "facts" is among the casualties.

> There are no facts regarding most future events, just opinions

Experts often present their statements as facts, but media pundits are often no more insightful than the rest of us. There are no facts regarding most future events, just opinions. Last year's events surrounding the United Kingdom's historic referendum to leave the European Union and the outcome of the U.S. elections reaffirmed that no one really knows what events are going to transpire and that no one knows what financial markets' reaction to those events will be. For longer term investors, their lives would be more tranquil if they accepted that what the media puts out is for short term consumption and will not have much of an impact on their longer term investment goals.

A Long-term perspective on interest rates

Media coverage has increased regarding rising interest rates, as the U.S. Federal Reserve (Fed) has embarked to normalize interest rate policy from emergency levels. The Fed has raised its fed funds rate twice since 2006, once in 2015 and once in 2016 to just 0.75% currently. From a longer term perspective, this is still historically very low, and likely to remain relatively low for some time. A report published by Fed staff economists in October 2016 (Understanding the New Normal: The Role of Demographics) suspects that the world's shifting demographics, as longer life spans and reduced birth rates combine to increase the proportion of the aged within western societies, have rendered central banks powerless to raise long-term interest rates. The Fed publication suggests that demographics, rather than fiscal or monetary policy, technology or other changes in productivity, are responsible for much of the decline in interest rates and U.S. economic growth over the past 35 years. Model results further suggest that growth and real interest rates will remain low in coming decades, consistent with the U.S. economy having reached a "new normal."

People save most during their working years between the ages of 25 to 60. The period that the baby boom generation (born in 1946-1964) prepared for retirement saw large flow of funds into financial assets that drove long bull markets in both stocks and bonds in most developed economies. North America, Western Europe and Japan have all reached the "tipping point" when the number of people in work compared with old and young dependents has peaked and started to fall. As the baby boom generation moves deeper into retirement, they are expected to draw down on their savings and investments, which in theory should lead to less demand for bonds (thus higher yields) and stocks (more muted appreciation). But the growing weight of the elderly in society has not (yet) started to push up interest rates, which remain near historically low and sometimes negative levels.

Greater longevity, growing concerns over social safety nets and issues regarding deepening financial inequality may prolong low bond yields and low economic growth in most of the developed world. Measures such as later retirement, incentives for part-time workers and more immigration can all mitigate the effect of an ageing population. The Government of Canada's Advisory Council on Economic Growth released a report on February 6, 2017 that in part recommended that the ages of eligibility for old age security and the Canada Pension Plan be recalibrated and increased to address the impacts of the country's aging society and longer life expectancies. The report also suggested Ottawa allow old age security and the CPP deferrals beyond age 70 and make deferrals past 65 more attractive. This would follow a trend in many developed countries, which have extended the age of eligibility in recent years to make their public pension systems more fiscally sustainable.

> A shifting proportion of the aged within western societies may have rendered central banks powerless to raise long-term interest rates

If the elderly are forced to accept later retirement ages and receive less help with healthcare and other costs, then interest rates could stay low and the economy stay trapped in a new normal. With an uncertain future ahead, workers would feel obliged to save at a greater rate while they were still employed. By working for longer, saving would continue for longer. As countries steadily move away from offering guaranteed pensions (requiring employees to bear the risk of any shortfall) the incentive to save increases. Then the tipping point for demographics when savings start to fall can be delayed by a decade or more.

As mentioned earlier, there are no facts about the future, just opinions. Taking bold actions based on shorter-term forecasts of things that are uncertain is misguided. Maintaining perspective is important to keeping longer term investment goals and plans on course.

Deploying your assets

Darim Abdulah, CFA, MBA, Senior Analyst

As an investor, you are prone to many behavioural biases, and may even fall into their traps. As a result, you may end up making irrational and/or illogical investment decisions, which could prevent you from realizing your investment goals. Continued market volatility, prospects of rising interest rates in the U.S., and heightened global geopolitical risks have caused many investors to take a defensive stance and employ a wait-and-see approach, delaying entering the market until the dust settles. However, the dust never settles because market volatility is part of investing. As such, waiting for a positive trend to try and time the market may have negative investment implications. So how and when should you deploy your cash to avoid missing out on achieving your investment goals?

We believe a well-constructed and diversified portfolio built on a solid foundation with a focus on a long-term time horizon is the prudent approach to take when investing your cash. We are not trying to underestimate the advantages of setting aside some form of cash or cash equivalent investments. After all, these investments offer liquidity, capital preservation and potential inflation-protection. What we are recommending is allocating your cash based on your objectives, risks, liquidity needs, time horizon and unique circumstances. This may mean a higher cash allocation for the most conservative clients, and lower cash allocation for those clients who fall within the aggressive growth investment profile. With this in mind, what considerations should be taken when allocating your cash?

One of the main attributes of successful investing is developing a plan that includes a strategic asset allocation suited to your investment goal(s). Determining the correct strategic asset mix is typically achieved after digging deeper into your individual goals, risk tolerance, time horizon and liquidity needs. Once these factors are addressed, it becomes easier to allocate among various asset classes including cash, fixed income and equities. Consider the desired goals of your portfolio: does the investment goal require capital preservation, income, or growth? For example, buying a house in the next few months would be a short-term goal and preservation of capital and liquidity would be the main objectives where cash or cash equivalents would be most suitable. Alternatively, saving for retirement with a long time horizon, growth of the portfolio would likely be the objective. For those with longer time horizons and higher tolerance for risk, more volatile asset classes, such as stocks and/or equity-focused investments can be included in the portfolio. Having a good understanding of your risk tolerance is instrumental to your success. Your age, size of investment portfolio, expected retirement date and financial obligations offer insights to your advisor to gauge your risk tolerance. These quantifiable aspects can reveal a lot about your ability to take investment risk. Concurrently, your behavioural biases and unique circumstances can provide a line of sight on your willingness to take risk.

When is the best time to enter the market?

The answer to this question is not black and white. Ideally, you want to enter at a low point and exit at a high. This approach, however, doesn't take into consideration the investment goals, time horizon, and unique circumstances you may have. It also assumes that it is easy to determine when the markets have reached their lowest/highest points, and we know that is not the case. Additionally, certain emotional biases such as fear and greed may lead you to make irrational decisions. An effective way to remove the emotional element from investing is to set up an automatic purchase plan, where you purchase a fixed amount of assets based on a desired frequency. This investment technique offers the benefit of Dollar Cost Averaging (DCA). By purchasing a fixed dollar amount on a regular basis, you automatically buy more shares/units when prices are low and fewer shares/units when prices are high. The premise is that DCA lowers the average share/unit cost over time, increasing the opportunity to profit. However, it does not guarantee that an investor won't lose money on investments. Rather, DCA is intended to purchase investments over time instead of a lump sum.

The illustration in table 1 depicts the impact of fluctuating market values on the monthly unit cost of a hypothetical portfolio. Based on the table below, the lowest cost per unit is $19.85, while the highest is $20.23. If you were to make a lump sum investment, there is no guarantee that you would avoid investing when the unit cost is at its highest point. A better strategy is to add a fixed dollar amount to your portfolio on a regular basis and benefit from DCA, which in this example results in an average unit cost of $20.02, which is lower than the high of $20.23.

A cornerstone to wealth creation is remaining disciplined and maintaining a long-term approach to investing. Your investment plan should evolve over time to reflect changes in your priorities, investment objectives and risk tolerance.

Table 1: Dollar Cost Averaging

Period (months)	Unit Price ($)	Total number of units based on a $100 monthly contribution
1	$20.05	4.99
2	$20.11	4.97
3	$19.89	5.03
4	$20.23	4.94
5	$20.02	5.00
6	$19.85	5.04
	Total number of units	29.96
	Total invested amount	$600.00
	Average price/unit	$20.02
	Highest unit price	$20.23

The portfolio reflected in this document is hypothetical in nature and is displayed for discussion and/or illustrative purposes only.

Tax-filing checklist

The deadline for filing your 2016 personal tax return is fast approaching. To help you file your taxes on time, we have assembled a checklist of key documents you might require and have provided you with some essential dates. We have also included some quick tips for the year ahead.

Documents you may need:

- [ ] Employment income (T4 slips)
- [ ] Registered Savings Plan income (T4RSP)
- [ ] Employment insurance benefits (T4E)
- [ ] Interest, dividends, mutual funds (T3, T5)
- [ ] Tuition/education receipts (T2202A)
- [ ] Universal Child Care Benefit (RC62)
- [ ] Old Age Security and CPP benefits (T4A-OAS, T4AP)
- [ ] Other income, pensions and annuities (T4A)
- [ ] Workers' compensation benefits (T5007)

Other documents to consider:

- [ ] Notice of Assessment/Reassessment
- [ ] Canada Revenue Agency correspondence
- [ ] Sale or deemed sale of stocks, bonds or real estate
- [ ] Rental income and expense records
- [ ] Exchange rates at the time of purchase and sale
- [ ] Business, farm or fishing income/expenses
- [ ] Automobile/travel logbook and expenses
- [ ] Disability Tax Credit Certificate and Declaration of Conditions of Employment (T2200)

2016 tax-filing deadlines:

Personal tax return: April 30, 2017
Self-employed tax return: June 15, 2017
(Balance owing must be paid by April 30, 2017)

And don't forget the receipts:

- [ ] RRSP contribution slip(s)
- [ ] Support for a child, spouse or common-law partner
- [ ] Professional or union dues
- [ ] Tool expenses (Tradespersons)
- [ ] Medical expenses
- [ ] Transit pass receipts
- [ ] Charitable donations
- [ ] Political contributions
- [ ] Child care expenses
- [ ] Adoption expenses
- [ ] Children's arts and sports programs
- [ ] Moving expenses
- [ ] Interest paid on student loans
- [ ] Carrying charges and interest expenses
- [ ] Home office expenses
- [ ] Exams for professional certification

Quick tips: planning for the year ahead

Take advantage of all tax deductions and credits available to you to reduce your personal and household tax bills. For example:

Income splitting opportunities

- Tax loss selling
- Pension income splitting
- Contributions to a spousal RSP
- Prescribed Rate Loan strategy
- Paying a reasonable salary from a family business to family members for actual services rendered
- Gifting cash to your spouse/common-law partner and/or adult children to contribute to a tax-free savings account (TFSA)
- Investing Canada child benefit (CCB) payments in an account for your children[1]

Maximize your tax credits and deductions

- Annual union, professional or like dues
- Child care expenses
- Children's fitness and arts[2]
- Charitable donations
- Foreign tax credits
- Investment counsel fees and interest expenses
- Medical expenses
- Public transit passes
- Tuition and education amounts
- Pension income amount

[1]As of July 2016, this benefit replaced the Canada child tax benefit (CCTB), national child benefit supplement (NCBS) and the universal child care benefit (UCCB)
[2]The 2016 Federal Budget reduced the maximum eligible expenses for these credits by 50% for 2016, and eliminates the credits for 2017 and subsequent tax years.
Source: Canada Revenue Agency (CRA). For more information, visit the CRA website: www.cra-arc.gc.ca

Monthly market review

		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Canadian Indices ($CA) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P/TSX Composite (TR)	50,026	0.21	2.74	1.06	23.24	5.78	7.20	4.68	7.15
S&P/TSX Composite (PR)	15,399	0.09	2.10	0.73	19.74	2.72	4.02	1.67	4.69
S&P/TSX 60 (TR)	2,383	-0.07	2.81	1.16	23.74	6.85	8.00	4.94	7.59
S&P/TSX SmallCap (TR)	1,012	-0.06	4.36	0.47	37.69	3.04	2.15	1.85	-
U.S. Indices ($US) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P 500 (TR)	4,533	3.97	8.04	5.94	24.98	10.63	14.01	7.62	7.62
S&P 500 (PR)	2,364	3.72	7.50	5.57	22.33	8.33	11.60	5.33	5.63
Dow Jones Industrial (PR)	20,812	4.77	8.83	5.31	26.01	8.44	9.95	5.43	5.69
NASDAQ Composite (PR)	5,825	3.75	9.43	8.22	27.81	10.58	14.45	9.20	7.75
Russell 2000 (TR)	6,743	1.93	5.20	2.33	36.11	6.93	12.89	7.22	8.40
U.S. Indices ($CA) Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
S&P 500 (TR)	6,005	5.72	6.61	4.54	22.44	17.44	20.93	8.96	7.46
S&P 500 (PR)	3,131	5.47	6.07	4.18	19.85	14.99	18.37	6.64	5.46
Dow Jones Industrial (PR)	27,573	6.54	7.39	3.92	23.45	15.11	16.63	6.75	5.53
NASDAQ Composite (PR)	7,718	5.50	7.98	6.78	25.22	17.39	21.40	10.57	7.58
Russell 2000 (TR)	8,933	3.64	3.81	0.98	33.35	13.51	19.75	8.56	8.23
MSCI Indices ($US) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
World	7,246	2.82	7.89	5.33	21.97	5.79	10.03	4.88	6.38
EAFE (Europe, Australasia, Far East)	6,760	1.45	7.98	4.39	16.31	-0.17	5.63	1.50	4.91
EM (Emerging Markets)	1,990	3.07	9.03	8.71	29.94	1.73	-0.02	3.20	5.60
MSCI Indices ($CA) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
World	9,600	4.55	6.46	3.93	19.49	12.30	16.72	6.19	6.22
EAFE (Europe, Australasia, Far East)	8,957	3.15	6.55	3.01	13.95	5.97	12.05	2.77	4.75
EM (Emerging Markets)	2,637	4.80	7.59	7.27	27.30	7.99	6.05	4.49	5.43
Currency	Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
Canadian Dollar ($US/$CA)	75.48	-1.65	1.34	1.34	2.07	-5.80	-5.73	-1.24	0.15
Regional Indices (Native Currency) Price Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	20 Years
London FTSE 100 (UK)	7,263	2.31	7.07	1.69	19.13	2.17	4.35	1.64	0.03
Hang Seng (Hong Kong)	23,741	1.63	4.17	7.91	24.22	1.30	1.83	1.91	2.90
Nikkei 225 (Japan)	19,119	0.41	4.43	0.02	19.29	8.81	14.48	0.83	0.15
Benchmark Bond Yields		3 Month		5 Year		10 Year		30 Year	
Government of Canada Yields		0.48		1.11		1.64		2.35	
U.S. Treasury Yields		0.58		1.93		2.39		2.99	

Canadian Bond Indices ($CA) Total Return	Index Level	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
FTSE TMX Canada Universe Bond Index	1019.81	0.96	0.33	0.83	1.89	3.89	3.37	4.75
FTSE TMX Canadian Short Term Bond Index (1-5 Years)	700.19	0.33	0.49	0.54	1.48	2.05	2.17	3.53
FTSE TMX Canadian Mid Term Bond Index (5-10)	1123.18	1.08	0.93	-1.50	2.20	4.42	4.01	5.57
FTSE TMX Long Term Bond Index (10+ Years)	1606.39	1.75	-0.35	0.91	2.12	6.11	4.55	6.20

Sources: TD Securities Inc., Bloomberg Finance L.P. TR: total return, PR: price return. As at February 28, 2017.

Important information

The information contained herein has been provided by TD Wealth and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

Certain statements in this document may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS.

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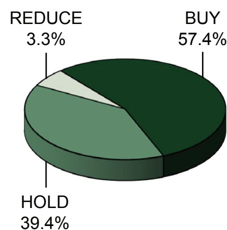
Research Ratings

Overall Risk Rating in order of increasing risk: Low (7.8% of coverage universe), Medium (35.2%), High (44.4%), Speculative (12.7%)

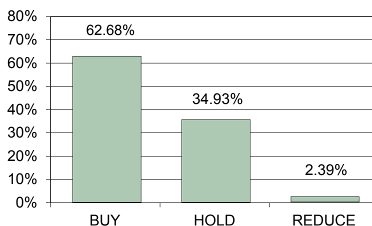
Action List BUY: The stock's total return is expected to exceed a minimum of 15%, on a risk-adjusted basis, over the next 12 months and it is a top pick in the Analyst's sector. BUY: The stock's total return is expected to exceed a minimum of 15%, on a risk-adjusted basis, over the next 12 months. SPECULATIVE BUY: The stock's total return is expected to exceed 30% over the next 12 months; however, there is material event risk associated with the investment that could result in significant loss. HOLD: The stock's total return is expected to be between 0% and 15%, on a risk-adjusted basis, over the next 12 months. TENDER: Investors are advised to tender their shares to a specific offer for the company's securities. REDUCE: The stock's total return is expected to be negative over the next 12 months.

Distribution of Research Ratings



Percentage of subject companies under each rating category—BUY (covering Action List BUY, BUY and Spec. BUY ratings), HOLD and REDUCE (covering TENDER and REDUCE ratings).
As at March 1, 2017.

Investment Services Provided



Percentage of subject companies within each of the three categories (BUY, HOLD and REDUCE) for which TD Securities Inc. has provided investment banking services within the last 12 months.
As at March 1, 2017.

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