



Where are we now?

In late 2024 I wrote a letter sharing how dips / corrections / pullbacks in the market have always been an opportunity and 10% corrections typically happen once a year. In April, at the time of writing this, we were in the midst of one of these 10% corrections. Things have changed materially since then. Given the sky-high valuations in the U.S. at the end of last year, we were due for a correction of this nature. While it may not have felt like regular market activity, the market is designed to do this.

On Thursday May 1st, I hosted a Webinar with guest speaker, Brad Simpson, Chief Wealth Strategist of TD Wealth. We plan to do more of these webinars on a variety of topics in the future. We had a great discussion about the current market environment, the importance of diversification, and having a Wealth Plan that articulates your goals. I have summarized some of our conversation below:

Market Sentiment vs. Reality

- Media headlines are extreme (Carnage, meltdown, bloodbath), but actual market returns resemble a typical correction that happens every 1-2 years on average.
- Markets are extremely volatile but risk-controlled assets are doing their job.
- Investor fear is driven more by how we get our information (social media, news) rather than the actual data.

Tariffs & Global Trade

- Tariffs are back at levels last seen in the 19th century. In that period the lack of free trade ultimately led to the 2 world wars. We do not believe we are heading there again but this gives some context to the policy uncertainty in the U.S.
- The U.S. has usually acted as the great stabilizer in global trade, but now the opposite is true.
- Best case: Less than 10% U.S. Tariffs imposed on average. Base case: 10-25% on average. Worst case: 25%+ tariffs on average.



Investment Strategy

- Era of U.S. exceptionalism could come to an end. This along with a high valuation & lower trust could lead to depreciation in the U.S. Dollar.
- Fixed Income: Yields likely higher for longer than expected. Weaker capital gain outlook. Strong portfolio diversifier and method of preserving capital.
- Equities: Movement from growth & momentum into defensive names such as low volatility, value & Dividend payers.
- Commodities: Ageing infrastructure, growing power demand and energy transition provide an opportune environment for commodities.

Outlook for Canada

- Recession is not inevitable, and inflation remains higher. Markets have priced this in. Employment and spending remain resilient.
- Canada is seen as a global safe haven: Stability, AAA credit rating, strong institutions.
- TSX companies offer similar earnings growth as U.S but at lower valuations.
- Over 50% of TSX in defensive sectors (financials, pipelines, telecoms, utilities).

Key Takeaways

- Do not overreact to noise. Markets have acted in an orderly fashion compared to historical bear markets (COVID, Great Financial Crisis, Tech Bubble).
- Trade Agreement's take time, on average 18 months to sign & 45 months to implement. Investors need to be in this for the long haul.
- Diversification is the key to generating strong portfolio returns during volatile times.
- Decades of underinvestment could signal a meaningful opportunity in Canada.
- Most important part of financial success is to establish and follow your Wealth Plan.

We favor dividends as they tend to be a sign of a financially healthy and stable business. Last quarter many of our holdings increased their dividend with some examples below:

Company	Recent % Increase	5 Year % Cumulative Increase
Canadian National Railway	5.03%	56.46%
Tourmaline Oil	42.86%	216.67%
Johnson & Johnson	4.84%	30.53%
Proctor & Gamble Company	5.00%	34.60%
Nutrien Ltd.	0.93%	26.99%

*From Factset.com on April 5th, 2025

I thought I would share 3 of your portfolio holdings and why we like them for your interest.

BNS – Bank of Nova Scotia

Scotiabank (BNS) is a Big 6 Canadian bank. Its scope of business includes personal & commercial banking, wealth management, investment banking and global transaction banking in Canada, the United States, Latin America, and the Caribbean.

We view Canadian Banks as a great way to invest in Canada's economic growth. As mentioned in the conversation with Brad Simpson above, we believe the safety and attractive valuations of Canadian companies could attract investment. The Big 6 banks are a prime example of this and have demonstrated robust growth and strong market positions over the past decade. Currently, BNS has the lowest share price valuation among the Big 6 banks making it a strong investment candidate.

WSP – WSP Global Inc.

WSP Global Inc. (WSP) is one of the largest engineering and consulting firms in the world that engages in advisory, engineering and design services for private and public-sector clients in various end-markets, including transportation & infrastructure, property & buildings, industry, resources, power, and environment.

Back at its investor day in February, WSP unveiled ambitious investment goals through 2027. The company aims to grow net revenue by 40% while generating earnings growth of 50% over that period. While that may sound ambitious, the company has a great track record of generating value and meeting previous targets. To attain its objectives, WSP will concentrate on several key growth areas, including water engineering, energy transition, advanced manufacturing, and mission-critical facilities

XGD – iShares S&P/TSX Global Gold Index ETF

XGD seeks to provide long-term capital growth by replicating, to the extent possible, the performance of the S&P/TSX Global Gold Index, net of expenses. Under normal market conditions, XGD will primarily invest in equity securities issued by international issuers participating in the mining sector. The portfolio maintains a cost advantage over competitors, priced within the second-lowest fee quintile among peers.

XGD is the gold holding in our portfolio which has served us extremely well as of late and has done its job as a diversifier. Gold is a core holding in your portfolio as it is a great way to hedge against political uncertainty, high inflation, and/or "Black Swan events". Gold's recent success is a great example of why diversification is so important and a priority in your portfolio.



Michael Andersssen, CFP®, CIM®, FMA
Senior Portfolio Manager and Senior Investment Advisor
902-541-3104 | Michael.Andersssen@td.com

andersssenwealthmanagement.com

[Connect with me on LinkedIn](#)

[Follow me on Twitter](#)

Anderssen Wealth Management

TD Wealth



The information contained herein has been provided by Michael Andersssen, Senior Portfolio Manager and Senior Investment Advisor, TD Wealth Private Investment Advice, 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.

Commissions, management fees and expenses all may be associated with investments in exchange-traded funds (ETFs). Please read the prospectus and ETF Facts before investing. ETFs are not guaranteed, their values change frequently and past performance may not be repeated. ETF units are bought and sold at market price on a stock exchange and brokerage commissions will reduce returns. Index returns do not represent ETF returns. The indicated rates of return are the historical total returns for the periods including changes in unit value and reinvestment of all distributions and do not take into account redemption, commission charges or income taxes payable by any unitholder that would have reduced returns.

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.

Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

© 2025 Morningstar is a registered mark of Morningstar Research Inc. All rights reserved.

TD Wealth represents the products and services offered by TD Waterhouse Canada Inc., TD Waterhouse Private Investment Counsel Inc., TD Wealth Private Banking (offered by The Toronto-Dominion Bank) and TD Wealth Private Trust (offered by The Canada Trust Company).

Anderssen Wealth Management is part of TD Wealth Private Investment Advice, a division of TD Waterhouse Canada Inc. which is a subsidiary of The Toronto-Dominion Bank.

All trademarks are the property of their respective owners. *The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.

BC26-036