

March 2018

Market Update



Important Topic: TD Services

As a TD Wealth client, you have access to a broad range of specialists united by two key traits: specific expertise in meeting your unique needs and a firm belief in the value of an integrated wealth management strategy. These professionals are specialists in their particular field. We work together to help you accomplish your goals.

I work with these professionals on a regular basis to build and improve our services. I ask you to consider if any of these are of particular interest. If we are missing something or simply should be focused on another matter, we want to know. We are looking to improve and want to be sure that we meet your needs and objectives.

Private Banking

A Private Banker serves as your gateway to TD Bank and its services. Specifically, they oversee your bank accounts, providing access to funds, credit cards, cheques, certified cheques, stop payments, travelers cheques, overdraft protection and more. Private Banking also provides access to TD borrowing, whether it is a personalized line of credit, mortgages or custom credit strategies. Lastly, they provide access to Cross Border Banking including fast and convenient money transfers, bill payments, multi-currency deposits and U.S. mortgages and lines of credit.

Will & Estate Planners

These experienced professionals apply their knowledge in estate and trust planning to help develop strategies that reflect your personal choices for the future and for the legacy you will leave behind. To help you manage your responsibilities, they also provide executor, trustee, power of attorney, and financial care and management services for aging parents or loved ones with special needs.

Business Succession Advisors

The Business Succession Advisors will work with you and your team of external advisors (i.e., investment, banking, insurance, trust, lawyer, accountant, business brokers, facilitators) to help maximize your business' value and create and implement a plan for the smooth transfer of your business down the road.

Insurance Services

Protecting the assets you've worked so hard to build for you and your loved ones is a key component of any comprehensive wealth strategy. The strategic use of life, disability, living benefits, and annuities products can also help you preserve your wealth, sustain your business and potentially minimize tax obligations. This is done by offering products sold by some of Canada's largest insurance companies.

TD Wealth Private Investment Advice

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Market Update: A Difficult Quarter

Markets fell in the first quarter of 2018 with the Emerging Markets being the one significant exception.

Interestingly, the fundamentals – sales, earnings, and cash flows – remained strong. Prices, however, were high (by many measures), and even with the recent downturn, they remain above their long term averages. It is important to always remember that market prices are an attempt to quantify the future success of a company so even with the recent downturn, the above average prices indicate that strong forecasts remain.

We too expect first quarter earnings to be quite strong (reporting in April) – perhaps it may be the strongest ever. But markets must also focus on next year's earnings and the fear is that the earnings increases experienced over the past two years – repeatedly setting records – are not sustainable. The fear is that at some point, companies will start to reduce expectations as their earnings grow at more normal rates. When this will happen is unknown but any activity that could dampen expectations is now taken more seriously.

This partly explains why Trump's focus on tariffs and trade is rocking the markets. After a year where Trump's comments were being ignored by the market more and more, the suggestion of a trade war at a time when markets are fearful, has had a negative effect.

As we shift from fear to comfort – from strong-worded statements to reconciliatory gestures – one should be prepared for volatility. Simply put, the future is unknown and as the variables on which our future is based are thrown into confusion, prices will jump around.

It is time to focus on the long-term. It is time to focus on the plan and the reasons for investing as we do. It is time to consider the specific investments and how the reward for risk taken is tilted in our favour.

We remain invested, and looking forward, we remain optimistic for the long term but cautious for the short and medium term. Valuations are still above fair value. Due to valuation levels, we prefer to avoid the indices (inexpensive exposure to an entire market) and prefer investing with active managers who are very selective. This is still a time to carefully distinguish between under and overvalued investments.

For the Quarter:

The bond market was down 0.2%, the preferred market was down 1.0%, the Canadian market was down 4.7%, the U.S. market was down 1.0%, International markets were down 0.4%, the emerging markets were up 5.3% and the global real estate market was down 4.5% (Reuters, March 31st 2018).

Have a great month and let us know if there is anything we can do for you,

Meir

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