



## MARCH 2019 NEWSLETTER

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### Market Review

After 2018's nasty last quarter, the markets in 2019 have started off with a strong bounce back. This has been a broadly based rally with most sectors and countries performing well. The S&P/TSX is up 12.4% since the start of the year and the S&P 500 is up 13.0%.

	<u>Mar</u> <u>29/18</u> <u>Close</u>	<u>Dec</u> <u>31/18</u> <u>Close</u>	<u>Mar</u> <u>29/19</u> <u>Close</u>	<u>90-Day</u> <u>%</u> <u>Change</u>	<u>1-Year</u> <u>%</u> <u>Change</u>
<b>S&amp;P 500</b>	2,641	2,507	2,834	13.0%	7.31%
<b>S&amp;P/TSX Composite</b>	15,367	14,323	16,102	12.4%	4.78%

Source: Thomson One

<u>World Markets</u>	<u>YTD</u>
S&P/TSX Composite	12.4%
S&P 500	13.0%
NASDAQ	16.5%
Dow Jones	11.2%
Russel 2000	15.9%
iShares S&P/TSX Preferred Index ETF	0.16%
DJ Stoxx 50	11.7%
FTSE 100	8.19%
HANG SENG	12.4%

*As of March 29, 2019*

Source: Thomson One

As usual the ‘staying invested’ strategy has greatly outperformed the ‘trading in and out of the market’ strategy and we are happy that our clients have stayed invested.

Our December year-end newsletter advised “Our conclusion is that while no one can time market bottoms exactly, the odds are that investors are likely better off buying than selling at this point.”

The challenge with being a market pessimist is that you are only right one out of every seven years or so. Our clients with the best returns have not tried to time the market or over-trade their accounts.

### Canadian T-Bills and Bonds Yields

	<u>Sept. 28, 2018</u>	<u>Dec. 31, 2018</u>	<u>Mar. 29, 2019</u>
90-day	1.60%	1.70%	1.67%
180-day	1.76%	1.81%	1.67%
1-year	2.04%	1.91%	1.69%
2-year	2.214%	1.862%	1.550%
5-year	2.340%	1.887%	1.520%
10-year	2.428%	1.967%	1.620%
30-year	2.422%	2.184%	1.894%

Source: Thomson One

### International 10-Year Bond Yields

	<u>Sept. 28, 2018</u>	<u>Dec. 31, 2018</u>	<u>Mar. 29, 2019</u>
Japan	0.12%	-0.01%	-0.10%
U.S.	3.06%	2.68%	2.41%
Germany	0.47%	0.24%	-0.07%
Canada	2.43%	1.97%	1.62%
U.K.	1.57%	1.27%	0.99%
France	0.80%	0.70%	0.31%
Spain	1.49%	1.41%	1.09%
Italy	3.14%	2.74%	2.49%
Portugal	1.87%	1.71%	1.24%
India	8.02%	7.36%	7.35%

Source: Bloomberg.com

We have been hearing a lot of comments about the “negative yield curve” when short term rates were briefly higher than long term rates this year. This has corrected recently as a “risk on” market has brought the interest rate curve back to a more optimistic and positive level.

While there may be potential trading opportunities buying bonds at these interest rate levels, we consider this similar to running in front of a steamroller trying to pick up dimes. The risk is just too great for the limited return.

We continue to carefully monitor the bond rates, but they are more useful to help us analyze common shares and preferred shares than directly investing in bonds at this point. Why someone would buy a 10-year Canada bond earning 1.62% is still a mystery to us. Even more surprising is why anyone would buy a 10-year German or Japanese bond with a negative interest rate.

## Dividend Changes

<u>Position</u>	<u>Investment</u>	<u>Q4 2018 Dividend</u>	<u>Q1 2019 Dividend</u>	<u>Increase</u>
13	Canadian National Railway	0.455	0.5375	18.13%
18	Suncor Energy Inc.	0.36	0.42	16.67%
3	Toronto Dominion Bank	0.67	0.74	10.45%
23	TransCanada Corp.	0.69	0.75	8.70%
28	Brookfield Infrastructure	0.47	0.5035	7.13%
6	Brookfield Asset Management Inc.	0.15	0.16	6.67%
17	Power Financial Corporation	0.433	0.4555	5.20%
16	Brookfield Renewable Energy LP	0.49	0.515	5.10%
24	BCE Inc. (BELL)	0.755	0.7925	4.97%
22	Wells Fargo & Co.	0.43	0.45	4.65%
2	Royal Bank of Canada	0.98	1.02	4.08%
11	Bank of Nova Scotia	0.85	0.87	2.35%

Source: Thomson One

A number of our major stock positions have increased their dividends lately. There is a possibility that we can get lower interest rates on our daily interest accounts in the future, as T-bill rates have slipped slightly.

## All Time Highs

**Brookfield Asset Management (BAM.A) 1 Year Chart**



Source: bigcharts.com

Brookfield Asset Management hit an all-time high of \$62.86 on March 21, 2019. As of March month-end Brookfield increased 19.0% since the end of 2018.

### Fortis Inc. (FTS) 1 Year Chart



Source: bigcharts.com

Fortis hit an all-time high of \$50.06 on March 28, 2019. As of March month-end Fortis increased 8.5% since the end of 2018.

### Canadian National Railway (CNR) 1 Year Chart



Source: bigcharts.com

CN Rail hit an all-time high of \$120.30 on March 29, 2019. As of market close on March month-end CN Rail increased 18.3% since the end of 2018.

### Telus Corp. (T) 1 Year Chart



Source: bigcharts.com

Telus hit an all-time high of \$49.85 on March 28, 2019. As of March month-end Telus increased 9.3% since the end of 2018.

A number of our interest sensitive shares have hit 52 week, and in some cases, all-time highs this quarter.

Since that time these have backed off slightly as more economy sensitive stocks (banks, insurance companies, etc.) have been receiving more investor interest.

### Welcome Janice

Our business in Nanaimo has been growing steadily, and the time has come to add another assistant to help Lisa with the administration.

Fortunately we have found and hired a very good candidate, Janice Wilson. Janice has previous experience in the investment industry and spent the last 10 years as a real estate assistant in Parksville.

We welcome Janice to our team and are looking forward to having the extra help.

### Client Appreciation Event / Open House

Mark your calendars for Wednesday, June 19! This year we are hosting our annual client appreciation at the Nanaimo Golf Club from 4:00 pm to 8:00 pm. Very talented musicians, Bill and Donna Konsorodo, will be returning to play music. Look out for your mailed invitation at the beginning of May.

## Summary

We have been very pleased that our investment strategy has been working well, and we will continue to be vigilant to ensure that we are identifying good investment opportunities and avoiding pitfalls. If you have any questions about your portfolio, or should there be any change in your financial lives, please call.

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*With the addition of Mark and Meaghan as Associate Advisors, we now have the ability to take care of more relationships. If you have friends who have expressed an interest in finding a new advisor, we would be delighted to hear from you. Just call our office at 250-729-2830 and we'll take it from there. Thanks!*

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**Ian Douglas**

Senior Vice President

Financial Advisor



**Mark Duncan**

Associate

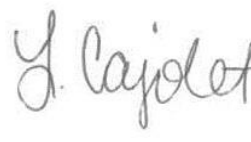
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