

# NOTICE TO CLIENTS

## Market Update

August 25, 2015

If you watch the news (or your portfolio) you may have noticed a sharp correction in world markets, accelerating this August.

Many market watchers will explain the reasons, such as problems in China, OPEC oil production, and upcoming elections in Canada and the U.S.

While we can't control what happens in the world, our investment results are ultimately determined by our own choices. Today the question that many investors ask is: "Should I buy, sell or hold?"

The irony of investing is when markets are strong and appear to be risk free they often have a poor risk/reward relationship. When markets have corrected sharply and investors are fearful, the opportunities are far more attractive.

The two charts below are firstly the S&P/TSX Composite Index (the Canadian market) and secondly the CBOE Volatility Index. The volatility index, also known as the VIX, is considered to measure investor sentiment. Low VIX numbers happen when investors are complacent; high VIX numbers happen when investors are panicking.

The level of Monday's VIX close of \$40.74 has only been seen three times previously since 1999. All were closely correlated with market lows. This would suggest that now is likely a poor time to make major selling decisions, and staying the course or adding to equity positions within your risk tolerance is likely the best strategy.

If you have any questions with your portfolio please call.

Thank you,



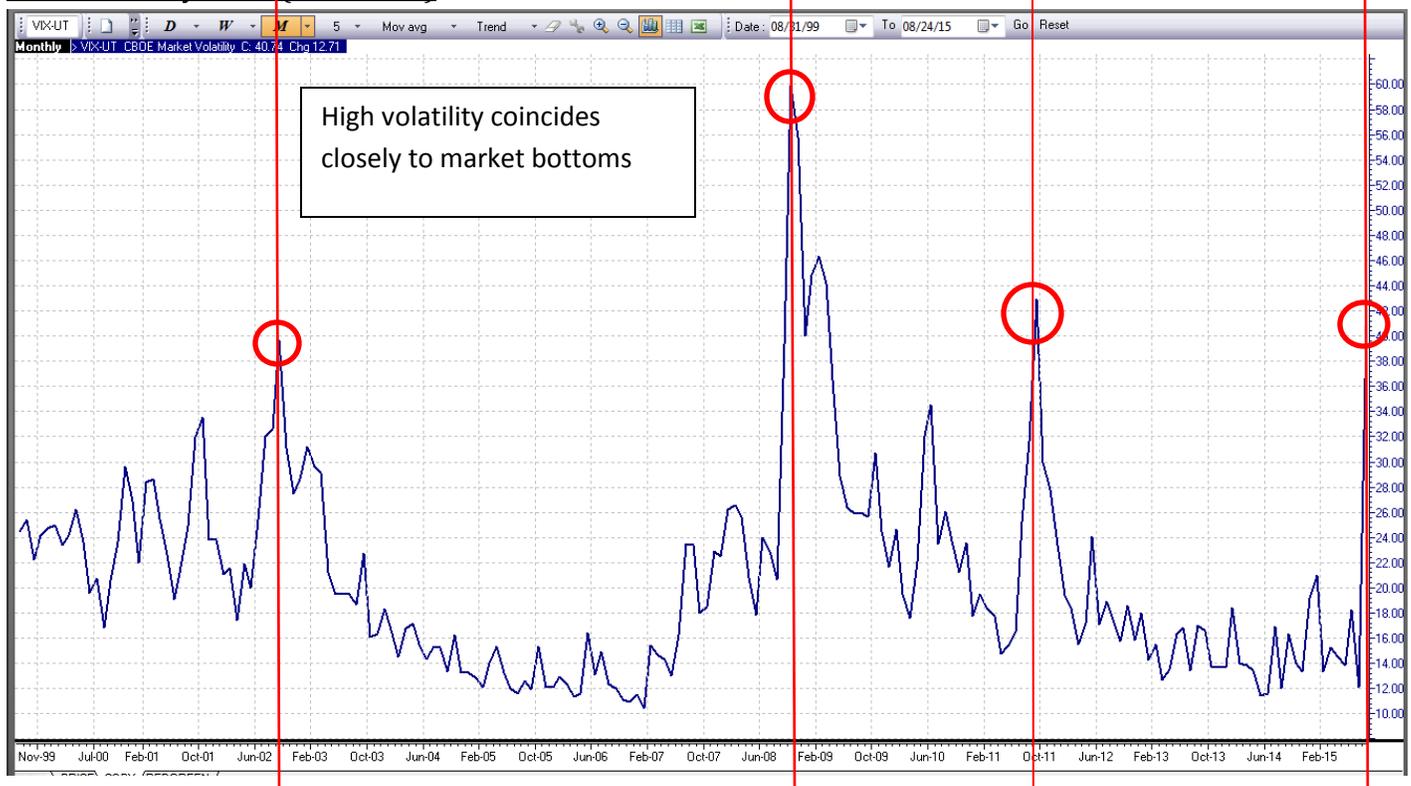
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## S&P/TSX Composite Index



Source: Thomson One

## CBOE Volatility Index (Fear Index)



Source: Thomson One

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