STARVIEW FINANCIAL ADVISORS

Newsletter - October 2017

starviewfinancial.com

Market Update

Many global asset markets continued to deliver encouraging results during the third quarter of 2017, supported by a backdrop of synchronized global growth, solid corporate earnings and historically low interest rates.

Despite rising tensions over North Korea's nuclear weapons testing, a lack of new legislation from the Trump administration, and the devastation left by natural disasters including hurricanes and earthquakes, global equity markets were generally positive and exhibited little volatility. U.S. stocks as represented by the benchmark S&P 500 Index continued to post solid performance, adding 4.5% for the quarter for a gain of 14.2% for the year-to-date. These returns, however, continued to be muted by the Canadian dollar's strong showing as it rose nearly 4% relative to the U.S. dollar over the three months. In Canadian dollar terms, returns for the S&P 500 were 0.5% for the quarter and 6.2% for the year-to-date.

The MSCI EAFE Index, which captures performance for large and mid-cap companies in 21 developed markets across Europe and Asia, also reflected solid gains. The index was up about 5.5% for the quarter in U.S. dollars, adding to its impressive year-to-date gain of 20.5%. (In Canadian dollars, these gains were reduced to 1.4% and 12.0%, respectively.)

The resource-heavy Canadian S&P/TSX Composite Index started the period under pressure, weighed down by weak prices for commodities such as oil, which has been affected by global oversupply for much of the year. The benchmark later recovered with a rally in energy stocks to finish the quarter with a gain of 3.7%, and 4.5% for the year-to-date.

The relatively muted returns for Canadian stocks have been at odds with Canada's economic growth, which has surprised to the upside this year. In addition to strong employment and housing data, Canadian GDP expanded an annualized rate of 4.5% in the second quarter, its strongest growth rate since the third quarter of 2011. This prompted the Bank of Canada to increase its key overnight lending rate to 1.0% in

...see Update on page 2

Announcement

Jennifer Roblin, CPA, CGA
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We are pleased to announce that Jennifer Roblin has joined us at Starview Financial Advisors. Jennifer is a Chartered Professional Accountant (CPA, CGA) and has been employed in accounting and working in business analysis.

Jennifer is currently providing administrative support to Trevor and Terry and looks forward to becoming mutual funds licenced in the next few months.

Jennifer is married to Steven and they have two young sons. They are relocating their home to Orangeville this fall.

Thank you for your referrals! We appreciate the opportunity to help your family and friends achieve their financial goals.

Joel Holland throws his arms into the air after winning the 44th World Championship Pumpkin Weigh-Off in Half Moon Bay, Calif., on Oct. 9, 2017. Holland's pumpkin weighed in at 2363 pounds, prize money was $7 per pound. Mark Rightmire/The Orange County Register via The Associated Press

Did you know?

We are available to assist with:

- Financial/retirement plans
- Retirement income and cash flow planning
- Second opinion on investment portfolios
- Advice on retiring allowance or severance
- Life, disability or critical illness insurance*

*Offered through Keybase Insurance Agency, HUB Financial or Great West Life.

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Update continued from page 1

September, the second such increase in 2017. Faced with tepid inflation data, the U.S. Federal Reserve opted to keep rates steady in the third quarter, but reiterated plans to raise rates throughout the coming year and to slowly reduce the amount of government and mortgage debt on its balance sheet. In this environment, the spread in yields between U.S. and Canadian government 10-year bonds narrowed through the period.

The FTSE TMX Canada Universe Bond Index, a measure of Canadian government and corporate bonds, returned -1.8% for the three-month period.

The differing approach to monetary policy between the U.S. Fed and the Bank of Canada has also been a driving factor behind the Canadian dollar's strength relative to its U.S. counterpart in recent months, which reduces returns on foreign investments for Canadian investors. We continue to recommend a balanced approach to investing that ensures proper diversification among asset classes, industry sectors and geographic regions, which tends to mitigate the effects of currency changes over longer periods.

We appreciate your business and look forward to hearing from you. If you would like to discuss your portfolio in greater detail or have reason to adjust your financial plan, please do not hesitate to contact our office.

The information in this letter is derived from various sources for the period ending September 30, 2017, including CI Investments, Signature Global Asset Management, Cambridge Global Asset Management, Globe and Mail, National Post, Bloomberg, Yahoo Canada Finance, and Trading Economics. Index information was provided by TD Newcrest and PC Bond, and all quoted equity index returns are on a total return basis (including dividends). This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources; however, no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please contact us for individual financial advice based on your personal circumstances.