

TheAnswerIs.ca Portfolio Performance (Q1 2017)

Thank you so much for your interest in TheAnswerIs.ca. This first Portfolio Performance update will cover the following:

- TheAnswerIs.ca Portfolio Performance
- Where is the market going from here?
- What's New at TheAnswerIs.ca
- Help Please

So, let's get started!

TheAnswerIs.ca Portfolio Performance

This is the first Portfolio Performance update for TheAnswerIs.ca. All future updates will be provided at the end of each quarter; i.e. the end of March, June, September and December.

TheAnswerIs.ca Portfolio is comprised of six Exchange Traded Funds or ETFs. Each ETF is designed to match an associated index, such as the Canadian Market Index, USA Market Index, Emerging Market Index, etc. These ETF's were carefully selected to provide both global geographic, and more importantly, economic sector diversification. Other than small tracking errors between the actual stock market index, i.e. Toronto Stock exchange (TSX), and the ETF that is designed to mirror that index, (ETF symbol XIC), there should never be any material outperformance or underperformance of any of the ETF's compared to their associated market indices. TheAnswerIs.ca portfolio of six ETF's is simply designed to match the performance of each of the six equity market indices, good or bad.

TheAnswerIs.ca portfolio was created on Oct 21, 2016. Portfolio performance, as calculated by RBC, is based on a full month basis, so the beginning date for the portfolio returns quoted herein is November 1, 2016.

Total Return for TheAnswerIs.ca portfolio for the five month period November 1, 2016 to March 31, 2017, is 7.48%, comprising unit value increases of 6.30% and dividends of 1.18%. Please note, your portfolio performance will vary depending on the date you began investing.

For comparison purposes only, the Total Return for the Toronto stock index as represented by the ETF symbol XIC, for the period November 1, 2016 to March 31, 2017, is 5.80%, comprising a unit value increase of 4.39% and dividends of 1.41%.

TheAnswerIs.ca portfolio had a slightly higher return compared to the TSX return, due largely to the broader economic sector diversification in TheAnswerIs.ca portfolio compared to the TSX. Remember, past performance is not an indicator of future performance.

Where is the market going from here?

In the short term, I have no idea where the stock market is going, and if others are truthful, they don't really know either.

In the short term, the market could go **HIGHER** because even though we are in one of the longest bull (or rising) markets in history, most of the current bull market has been spent recovering from the Great Recession of 2008 / 2009. According to David Rosenberg, an economist I trust; employment usually rises 12% after a recession but to date has only risen 5%, GDP, (Gross Domestic Product – the overall size of the economy), usually rises 23% after a recession but to date has only risen 12%, and stock markets usually rise 74% past their previous peak and to date it has risen only 55%. These are all good reasons why the stock market could trend HIGHER in the short term.

However, the market could also go **LOWER** in the short term because stock price / earnings ratios are already high showing us that the stock market has already gone up and is very expensive. Additionally, there is significant political uncertainty in the USA and Europe, and we are entering a typically seasonally weak time of year for stocks. There is an old adage to "Sell in May and go away", as stocks typically perform poorly in the May to September period. These are all good reasons why the stock market could trend LOWER in the short term.

In conclusion, in the short term, the market may go up, or it may go down, nobody really knows for sure.

For **LONG TERM** equity investors, (i.e. TheAnswerIs.ca investors), that plan to stay invested in equities for a minimum of 10 years, and preferably 20, 30 or more years, I am confident about the following predictions.

I predict that at some point within the next 10 years the stock market WILL drop at least 20%, and possibly 50%. I also fully expect that the stock market will eventually fully recover this loss, and after 10 or 20 years, I expect equities to earn an average of somewhere between 7-10% per year. It will NOT be a smooth ride, but eventually the irrefutable power of equity returns will prevail.

Volatility is coming, be emotionally and financially prepared. Long term investors can use stock market volatility as their friend. Buy more when prices drop to reduce your average cost and bump up long term returns.

What's New at TheAnswerIs.ca

The AnswerIs.ca was launched October 21, 2016. Since that time, I have tried to spread the word through Facebook, Twitter, and LinkedIn and have received much positive feedback. I thank you all for your support to date.

Some recent news includes;

- TheAnswerIs.ca has just received approval from the Canadian Federal Government to be listed on the Financial Consumer Agency of Canada website as an investment resource for all Canadians.
- I have been invited to speak to business students at the Ivey Business School at Western University, and also speak at the Schulich Business School at York University.
- Other booked speaking engagements include a few corporate gigs; CareGo Technology Inc, Seradex Inc. , Info-Tech Research Group, and Cresa Toronto Inc.

- The SCRF News, (i.e. The Sanfilippo Children's Research Foundation) Newsletter included an extensive write up on TheAnswers.ca for all of their supporters.
- Rob Carrick, the personal finance columnist with The Globe and Mail, provided a small write up of TheAnswers.ca in his weekly newsletter.

Help Please

My goal in launching this website was to provide easily accessible investment information to help people gain the confidence to invest for themselves, and to raise money for charity. If you like what I am doing, I am asking you now for a little help.

Speaking engagements tend to result in the most registrations, which of course raises more money for charity. If anyone would like me to come and speak at their business, school, association, community group, etc., I would be pleased to do so at no charge. The 30-45 minute presentation is interactive and engaging for audiences of 15 or more people.

Also, if you could please re share TheAnswers.ca on your Facebook, Twitter and LinkedIn accounts, together with a brief personal comment, that would be **GREATLY** appreciated.

Finally, if you have a question, I can virtually guarantee you that others have the same question, but are too shy to ask. So please send in your question so we can help as many people as possible.

Thank you again for your support and encouragement.

Best regards

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