TheAnswerIs.ca Portfolio Performance (Q3 2017)

TheAnswerIs.ca portfolio performance update is for the period from inception on October 21, 2016, to September 30, 2017.

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 (TSX) Index, US Market Index, Emerging Market Index, etc. These ETF's were carefully selected to provide low cost geographic and economic sector diversification. TheAnswerIs.ca portfolio is simply designed to track the performance of the six equity market indices, good or bad. To learn more about this model portfolio, go to www.theansweris.ca, read the six "Investment Pieces" and take the "Ready to Invest" quiz.

The Total Return, i.e. Capital Return plus Income Return, for TheAnswerIs.ca portfolio and the TSX, for the period October 21, 2016 to September 30, 2017, are summarized as follows:

Name	Total Return	Capital Return	Income Return
TheAnswerIs.ca	**11.75%**	9.03%	2.72%
Toronto Stock Exchange (TSX)	**7.81%**	4.86%	2.95%

Past returns are not indicative of future returns.

Since Oct 21, 2016, TheAnswerIs.ca portfolio has had a higher total return than the TSX, because of broader economic sector diversification. The TSX is heavily weighted in Mining & Materials, and Energy (i.e. oil & gas), which has lagged the performance of other economic sectors. As these sectors rebound, the TSX will perform comparatively well vs TheAnswerIs.ca portfolio.

Where is the stock market going from here?

The Canadian Stock Exchange (TSX), and the American Stock Exchanges (Dow Jones, S&P 500, and Nasdaq) are at, or approaching their all-time highs.

Where are these stock markets going from here? I have no idea, and if others are truthful, they don't know either.

Many stock market analysts and prognosticators have been saying that the market is due for a correction. In fact, some of them have been saying that for a couple of years, and as a result, their questionable market timing skills have caused them to miss out on some pretty good gains.

Once thing is certain, the timing and extent of the next downturn is uncertain.

Who knows, the next downturn could start today, next week, next month, next year or a few years from now. The market could drop 10%, 20%, and history tells us, it could drop by 50%.

If you are an equity investor with a minimum 10-year investment horizon (TheAnswerIs.ca is in this category), then what does that mean for you?

If you are new to investing, and or plan to leave your money invested for a minimum of 10 years, and have been making small periodic contributions to your TFSA or RRSP, then keep making regular contributions. In fact, you should hope for a BIG stock market drop. Keep buying as others are selling so that your future purchases of ETFs or stocks will be at lower prices – effectively buying them "on sale".

If you find yourself with a significant lump sum to invest for a minimum of 10 years, from a graduation gift, an inheritance, work bonus, or whatever, then you could consider investing those funds over time. Please see "Lump Sum Investing" at https://theansweris.ca/Q21.php

Remember, stock markets are cyclical. They fall, and in time they recover. Following the 2008 financial crisis (the TSX dropped 45% in 9 months), the stock market recovered in approximately three years. If you have an investment horizon beyond 10 years,, you are well positioned to weather any fluctuations in the market.

NEVER, EVER, EVER, SELL into a downturn.

At some point stock markets will likely drop at least 20%, and possibly 50%. But, the stock market will eventually fully recover, and after 10 or 20 years, equities will likely earn an average of somewhere between 6-10% per year. It will NOT be a smooth ride, but eventually the irrefutable power of equity returns will prevail.

Be patient long-term investors!

Best regards

Dave Jenkins

TheAnswerIs.ca has 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.