Canaccord Genuity Wealth Management

Notes from the Bridge

Benson Private Wealth

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Did the markets take a sabbatical from reality? To some extent, yes. There continues to be a lot of noise, and while reality can be very subjective, a sense of normality seems to have returned.

Yes, that divorce from reality caused some very real angst for investors, but the strong rebound from that to start the year gives me confidence that markets are once again focusing on the underlying strength of a growing global economy. My conviction comes from the market reaction to both corporate earnings and macroeconomic data releases. Positive news is being rewarded, while negative news is not. Unlike last year, and that is a very good thing for investors.

While there will always be up and down days within the markets, they seem to have reconnected themselves to the underlying reality that the global economy is in fact growing. Nowhere is this growth on greater display than the emerging markets of Asia and Southeast Asia, driven by their rapidly growing populations.

Consider for a moment that China and India alone make up nearly 35% of the world's population and their economies are growing at 6.2% and 7.5% respectively. These growth rates, driven in large part by the consumer, are becoming an increasingly important investor trend to be taken advantage of.

Ecommerce in developed regions like North America and Europe is second nature, but in Asia its adoption and use are still growing at a torrid pace. We are all very familiar with Amazon Prime, and a recent report showed that Amazon Prime had nearly 100 million subscribers in the United States. We may be less familiar with Alibaba, also known as the Amazon of Asia, but their over 600 million monthly mobile users are making Alibaba a consumer growth giant.

Where this growth has just started to emerge is India. Internet use in India has grown tenfold this decade, leading to a very strong trend towards ecommerce in that country. According to the International Brand Equity Forum, the Indian ecommerce market is expected to rapidly grow to an estimated $200 Billion by 2026, and many well-known investors have taken notice.

Last year Walmart took a majority stake in Flipkart, the leading Indian ecommerce company. But it is how consumers pay for all these purchases that caught my eye. Paytm is India's largest leading payment services company, a company in which Warren Buffet's Berkshire Hathaway made a significant investment. According to The Economic Times, Alibaba and its Ant Financial affiliate own a majority stake in the parent company of Paytm. While I cannot invest directly like Warren can, I can own Alibaba and ride along with Warren, so to speak.

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With the rapid growth of internet users over the entire South East Asian region, and its younger population spending about 140 minutes online shopping every month, this is a consumer trend I want to be invested in over the longer-term. With Alibaba having already invested heavily to be at the center of this growth, it is an attractive way for longer-term growth investors to participate.

Now Alibaba is not without its risks, but it is certainly worth discussing within the parameters of a high-quality growth equity portfolio.

Just a reminder, the RSP contribution deadline for the 2018 taxation year is Friday March 1st, plus the Tax-Free Savings Account contribution limit has been increased in 2019 to $6000.

A colleague of mine forwarded me the Calvin and Hobbs cartoon below, I think it the quintessential definition of a weekend. I hope you enjoy it.

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Erik Benson, CFA, CIM
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This Week's Market Numbers

S&P/ TSX Composite	15,366
Dow Jones Indus. Avg.	24,729
S&P 500	2662
Canadian/US Dollar	$0.7561
US/Canadian Dollar	$1.3224
Euro / Canadian	$1.5095
Gold	$1304.50
Silver	$15.72
Copper	$2.73
Brent Crude Oil	$61.52
WTI Crude Oil	$53.55
Natural Gas	$3.07