Canaccord Genuity Wealth Management

Market Update

Benson Private Wealth

Notes from the Bridge

Issue 1 **Friday, January 4th, 2019**

Happy New Year! As we turn the page on two very anomalous years for the markets, I expect that a return to fundamentals will be the dominant theme for 2019.

The big story in 2017 was that markets saw unprecedented low volatility and a momentum driven market that chased growth at any price. Unfortunately, that record low volatility and near singular direction in market prices, conditioned many that asset prices only go in one direction.

The big story for 2018 was that not since 2000 have we experienced two separate corrections of more than 10%, making it without any doubt, one of the toughest to remain invested according to your plan. Just as fundamentals rarely mattered in the previous year where markets were driven higher by momentum, they also did not matter in reverse, as asset prices were indiscriminately sold despite their value.

With ultra-low volatility often comes complacency, and with higher volatility associated with corrections often comes panic. Both are bad as they frequently push investors to set aside their longer-term plan at almost always the exact wrong moment. It is my belief that after consecutive years of both, we will see a return to a market driven by fundamentals, and I welcome that as an investor.

This is not to say that there are no risks going forward because there certainly are, but rather, that those risks are now much more appropriately priced. Add to that, very attractive dividends of 4,5,6% and you have an environment where you can really boost the power of compounding within your longer-term plan.

With today's strong jobs growth data, positive comments regarding trade talks along with the Federal Reserve chairman commenting this morning that monetary policy will remain flexible and patient with respect to normalizing interest rates, focus seems to be coming back to where it should be. While the day to day anxiety within the markets remains elevated, the global economic environment is positive, led by North America, thus there is a lot to be optimistic about for 2019.

All it seems to need is a little bit of certainty and confidence, which I think we are about to get.

Erik Benson, CFA, CIM
Investment Advisor &
Portfolio Manager

Lori Kennedy
Investment Advisor Assistant

Jena Karmali
Business Development Associate

Strategic Partners

Paul Marion, CLU, CHS
Managing Director, Wealth
Management – Canada
Canaccord Genuity Wealth &
Estate Planning Services Ltd.

Anne Jackson, BBA, CMA
Wealth & Estate Planning
Specialist

Canaccord Genuity
Wealth Management
T: 604.643.7345
TF: 1.800.663.1899
F: 604.601.5966
E: ebenson@cgf.com
bensonprivatewealth.com

Within one's portfolio allocation, the strongest way to take advantage of a return of confidence in the capital markets is to add to assets that are most undervalued relative to their historical fundamentals fair value. For both Canada and the United States, I see some of the greatest value within the Financial and Energy sectors.

As the capital markets are forward looking in nature, and we are beginning to see some initial positive tone surrounding both trade and monetary policy this week, I would suggest that investors begin adding assets within those sectors in accordance with their risk profile.

Thank you for reading.

Have a wonderful weekend with friends and family.

.

Erik Benson, CFA, CIM
Benson Private Wealth

This Week's Market Numbers

S&P/ TSX Composite	14,426
Dow Jones Indus. Avg.	23,431
S&P 500	2529
Canadian/US Dollar	$0.7463
US/Canadian Dollar	$1.3393
Euro / Canadian	$1.5275
Gold	$1286.10
Silver	$15.73
Copper	$2.64
Brent Crude Oil	$57.33
WTI Crude Oil	$48.22
Natural Gas	$2.90