

# Notes from the Bridge

CANACCORD Genuity  
Wealth Management

Benson  
Private Wealth

## Issue 7

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After a turbulent start, February looks to be coming to a close on more stable ground. However, as markets adjust to rising interest rates and inflationary pressures, a return to normal i.e. higher volatility should also be expected as we move forward.

Rising interest rates, bond yields, and inflation returning to more historically normal levels are not bad things, it just means that our future risks change, and we make the appropriate changes in how we manage those risks. Zero percent interest rate policies and in some cases negative bond yields over the past few years did serve a purpose to revive the global economy; but with that recovery comes a more normal and healthier level of inflation.

Now, I am certainly not forecasting a return to the high inflation days of the 1970's and 80's, but Canada's core annual inflation rate has inched higher for the fourth straight month at 1.7%. With signs that pricing pressures are slowly continuing to build, I think it is very reasonable that Canadians could experience average inflation of 2% to 3% over the next few years.

Since it is my job to get you where you need to be, here is how we adjust to get you there safe and sound.

Real Estate has long been a good hedge against inflation, as property values tend to increase in line with it. Real Estate Investment Trusts, or REITs, allow investors to own a diverse set of properties across both asset type and geographies. Given that REITs are portfolios containing multiple properties, the incoming rents and leases they receive tends to mirror general economic inflation. Thus, in a rising inflationary environment such as the one we are in now, REITs can be very constructive for income and growth investors alike.

I have written in the past about the growing robustness of the economic conditions within the European Union, more specifically northern Europe. **DREAM Global REIT** which owns high quality commercial office and industrial properties in Germany, The Netherlands and Austria is seeing that economic growth translate into ever higher demand for their properties.

This growing demand helped the company report a near 25% increase in revenues versus the same period last year. Growth that was not only helped by recent property acquisitions, but also by higher occupancy rates and increasing rental / lease rates. With strong economic fundamentals in place and many value-add opportunities within their portfolio of properties this REIT is well positioned to deliver strong and growing cash flow to investors over the next few years.

I have long maintained that real estate is an important asset class for investors in terms of capital preservation, modest appreciation and stable income. DREAM Global is doing a solid job of providing all three.

**Erik Benson, CFA, CIM**  
Investment Advisor &  
Portfolio Manager

**Alix Rogers**  
Investment Advisor Assistant

**Lori Kennedy**  
Investment Advisor Assistant

**Jena Karmali**  
Business Development Associate

**Lindsey McDonald**  
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  
P.O. Box 10337  
2200 - 609 Granville Street  
Vancouver, BC V7Y 1H2

T: 604.643.7345  
TF: 1.800.663.1899  
F: 604.601.5966  
E: erik.benson@canaccord.com

Finally, I would like to introduce Lori Kennedy who is joining my practice as my new Assistant. As of March 1<sup>st</sup>, Lori will be taking over from Alix Rogers, who as many of you know has been my valued office manager for the last 5 years. I have known Lori throughout my entire career at Canaccord Genuity Wealth Management and she brings a wealth of knowledge and experience to the practice.

We will all miss working with Alix, and I look forward to having you all get to know Lori. Her direct telephone is 604-643-7778 and her email is lori.kennedy@canaccord.com

As the winter Olympiad comes to a close this weekend, congratulations to all our Canadian athletes in bringing home a record number of medals. Well done Canada!

Thank you for taking the time to read my commentary this week.

Please feel free to share with those you care about.

Sincerely,



**Erik Benson, CFA, CIM**  
Benson Private Wealth

## TODAY'S STOCK WATCH

|                       |        |
|-----------------------|--------|
| S&P/ TSX Composite    | 15,638 |
| Dow Jones Indus. Avg. | 25,309 |
| S&P 500               | 2,744  |

|                    |          |
|--------------------|----------|
| Canadian/US Dollar | \$0.7898 |
| US/Canadian Dollar | \$1.2655 |
| Euro / Canadian    | \$1.5563 |

|        |           |
|--------|-----------|
| Gold   | \$1330.90 |
| Silver | \$16.55   |
| Copper | \$3.20    |

|                 |         |
|-----------------|---------|
| Brent Crude Oil | \$67.30 |
| WTI Crude Oil   | \$63.55 |
| Natural Gas     | \$2.63  |