

March in Review

Equity markets lost some of the momentum from the first two months of the year yet still closed higher for the month of March. Emerging markets were strong gaining 3.00% in March, while Canadian equities returned 1.23%, and U.S. equities were up slightly posting a gain of 0.75%. Bonds showed little movement, down slightly from the previous month but still up on a year-to-date basis.

Free-trade deal finalized with South Korea Prime Minister Stephen Harper visited South Korea in early March to finalize a free-trade agreement between the two nations. It is expected that the deal will benefit the Canadian agricultural industry by gaining access to a large, emerging Asian market. Critics of the deal have noted that because the agreement calls for the removal of import tariffs on automobiles, the Canadian auto industry could see its sales impacted.

Stephen Harper wins support for expelling Russia from future Group of Eight (G8) conferences In response to Russia's annexation of Crimea, G8 member nations have excluded Russia from future conferences, reverting back to the Group of Seven structure. Prime Minister Harper took the lead in Russia's removal while pushing for further sanctions. Russia became the eighth member in 1998.

Tightening the stimulus taps The Chair of the U.S. Federal Reserve Board, Janet Yellen, held her first meeting and announced a further round of tightening to the tune of US\$10 billion per month. This has brought the monthly amount of quantitative easing to US\$55 billion from US\$85 billion only late last year. Yellen's statement that "almost nothing has changed" did not stop a sell-off due to modestly higher interest rate expectations for 2015 and 2016.

European agreement reached on banking union After a long period of negotiation, European Union member states and their colleagues in the European Parliament agreed on the details of a banking union that will handle any future banking crises. A €55 billion shared fund, called the Single Resolution Mechanism, will be created to assist banks that find themselves in financial difficulties by providing them funding. The agreement will still require formal approval prior to coming into effect.

Sanctions begin to impact Russia According to the World Bank, as sanctions against Russia take effect, the Russian economy will perform weaker than expected this year. If the crisis does not improve or worsens, the economy may contract sharply. It is estimated that the Russian central bank has spent close to US\$10 billion supporting the plunging Russian ruble since sanctions were implemented.

| INDEX (C\$) [†] | 1 Mth | Change (%) YTD | 1 Yr | Index Level |
|--|-------|-------------------|-------|-------------|
| Treasury bills (DEX 60 Day T-Bill) | 0.05 | 0.22 | 0.98 | 156 |
| Bonds (DEX Universe Bond) | -0.19 | 2.77 | 0.84 | 908 |
| Canadian equities (S&P/TSX Composite) | 1.23 | 6.06 | 15.97 | 14,335 |
| US equities (S&P 500) | 0.75 | 5.74 | 32.33 | 2,067 |
| Global equities (MSCI World) | 0.11 | 5.32 | 29.88 | 1,848 |
| Emerging markets (MSCI Emerging Markets) | 3.00 | 3.49 | 7.33 | 1,098 |

| CURRENCIES [†] | 1 Mth | Change (%) YTD | 1 Yr | Exchange Rate |
|-------------------------|-------|-------------------|--------|---------------|
| US\$/C\$ | 0.12 | -3.87 | -7.93 | 0.9050 |
| Euro/C\$ | 0.35 | -4.04 | -14.28 | 0.6572 |
| Pound/C\$ | 0.63 | -4.47 | -16.02 | 0.5431 |
| Yen/C\$ | 1.54 | -5.75 | 0.92 | 93.4200 |

| COMMODITIES (US\$) [†] | 1 Mth | Change (%) YTD | 1 Yr | Price |
|---------------------------------|-------|-------------------|--------|----------|
| Gold Spot (\$/oz) | -3.20 | 6.50 | -19.69 | 1,284.01 |
| Oil WTI (\$/barrel) | -0.98 | 3.21 | 4.47 | 101.58 |
| Natural Gas (\$/MMBtu) | -5.16 | 3.33 | 8.62 | 4.37 |

[†]As at March 31, 2014. Source: Bloomberg

Reminder

The deadlines to file your 2013 annual personal incomes taxes are:

April

15

U.S.

April

30

Canada

Pay yourself back

As the long-awaited spring finally arrives and we start to plan for and enjoy the warmer months, some start to think about taking a relaxing vacation, doing some home renovations, or perhaps just slowing down and doing nothing at all as a personal reward.

Establishing a plan to meet your short-term needs in addition to your longer-term ones is a great way to keep your financial house in order and cut down on stress. It can also help you avoid the temptation to divert funds from a far-off goal such as retirement to fund a hastily planned shorter-term goal.

One of the best ways to save for your financial goals, be they short or long, is with a Pre-Authorized Contribution (PAC). PACs are an easy and convenient way to build savings through automatic deposits to a variety of investment options. A PAC

can also help defeat financial procrastination by investing money before it can be spent elsewhere. Additionally, PACs can help you stay on top of your financial plan, by providing a disciplined (and hands off) approach to your regular savings.

It's important to consider that the investing approach used to accomplish these varying goals may be different. You can work with an advisor to determine the frequency and contribution amount that's right for you, and to select suitable investments that take into account your time horizons and tolerance for risk. As your priorities and cash flow changes, so can the plan, allowing you the flexibility to adapt and react to changing circumstances.



Did you know? Saving \$100 per month for 5 years can add up to over \$6500.*

*Source: Scotiabank PAC tool, found at www.scotiabank.com/payyourselffirst. Assumes a 3.5% annual return, compounded monthly. For illustrative purposes only. Example makes use of a hypothetical rate of return and is not intended to reflect actual results or the returns or future value of a specific investment. This compounding simulation is used to demonstrate the effects of compound growth on a fixed monthly contribution over a 5 year period only. Assumes no transaction costs or taxes.

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