MONTHLY

InvestmentMonitor

APRIL 2016

March in Review

Canadian equities rallied in March – primarily due to a rebound in the price of crude oil and a stronger Canadian dollar – posting a gain of 5.3%. Global equities also inched higher, bolstered by increased monetary stimulus in both China and Europe. U.S. and global equities gained 2.4% and 2.5%, respectively.

Economic data points to a firming economy. The Canadian economy grew 0.6% in January, according to recently released GDP data, doubling consensus estimates and marking the fourth consecutive month of growth. With the economy picking up steam and the price of crude oil rebounding from its early year lows, the Bank of Canada opted to maintain interest rates at their current levels. "The global economy is progressing largely as the bank anticipated," according to the Bank, which pointed that exports are rebounding and are more attractive to foreign buyers because of the relatively low Canadian dollar. Bolstering the sunnier outlook, Canadian manufacturers set a new sales record earlier this year, with volumes reaching levels not seen since 2008-09, further supporting the Federal government's projections that the economy will grow over the next few years.

U.S. economic engine is ratcheting up. U.S. data continues to show a growing economy in the midst of strong job growth, with unemployment at an eight-year low of 4.9%. The tenacity of the economy compared to its global peers has placed the U.S. Federal Reserve (Fed) in somewhat of a conundrum: raise interest rates since the economy has improved, or hold rates steady to help support the global economy. Ultimately, the Fed opted to hold rates pat, citing the low rate of inflation, led by declines in the price of energy, the strong U.S. dollar and weak global growth. U.S. and Global equity markets rose on the news.

China and Europe look to help their economies grow. Policymakers in China and Europe have been grappling with measures to boost confidence in and kick-start their respective economies. Chinese officials announced that they would inject more money into the system, run a budget deficit of 3% of GDP and lower taxes, with the goal to grow China's GDP to US$19 trillion by 2020 (implying a 6.5% growth rate). The European Central Bank's (ECB's) actions include boosting its monthly asset purchases to €80 billion and cutting interest rates into negative territory for banks depositing cash at the ECB. The ECB is looking to encourage banks to lend funds to businesses and consumers, potentially giving the economy a lift. Investors responded positively, with European equities closing higher.

Did you know?

Consolidating your investments can help you more effectively allocate your assets to RRSPs, TFSAs and non-registered accounts to help increase overall tax efficiency.

Learn four more ways that consolidation can help you maximize opportunity on page 2.

INDEX (C$)†	Change (%) 1 Mth	YTD	1 Yr	Index Level
Treasury Bill (FTSE TMX Canada 60 Day T-Bill)	0.04	0.13	0.52	158.42
Bonds (FTSE TMX Canada Universe Bond)	0.78	1.39	0.78	1008.72
Canadian Equities (S&P/TSX Composite)	5.28	4.54	-6.57	13,494.36
U.S. Equities (S&P 500)	2.39	-4.90	4.17	2,672.72
Global Equities (MSCI World)	2.46	-6.33	-0.57	2,138.60
Emerging Markets (MSCI Emerging Markets)	8.57	-0.82	-9.64	1,085.83
CURRENCIES†	**1 Mth**	**YTD**	**1 Yr**	**Exchange Rate**
C$/US$	4.14	6.41	-2.46	0.7690
C$/Euro	-0.49	1.53	-8.02	0.6757
C$/Pound	0.96	9.20	0.64	0.5355
C$/Yen	4.01	-0.35	-8.59	86.5630
COMMODITIES (US$)†	**1 Mth**	**YTD**	**1 Yr**	**Price**
Gold Spot ($/oz)	0.04	16.40	3.98	1,235.60
Oil WTI ($/barrel)	7.76	-4.10	-33.11	38.34
Natural Gas ($/MMBtu)	8.35	-19.18	-34.70	1.96

†As at March 31, 2016. Source: Bloomberg

CONSOLIDATION

Sometimes, putting all of your eggs in one basket can maximize opportunity.

Holding your investments at a variety of financial institutions could seem like an effective way to diversify your investments, but it may be holding you back from reaching your long-term financial goals.

Consolidating your investments can have many benefits including greater clarity on your financial picture and a more comprehensive plan to reach your goals.

SIMPLICITY

Reviewing multiple investment account statements can be confusing and make it difficult to track the overall performance of your portfolio. Combining your investments at Scotiabank can make investing more convenient by cutting down on the number of tax slips and statements you receive, helping you to keep better track of all your holdings, and most importantly, giving you one central point of contact for all your investment needs.

FEWER FEES

With multiple accounts at different institutions, you may be paying more fees than you need to. Consolidating your investments can help reduce the number of account fees and charges you pay. If the value of your investments exceeds a certain threshold, you may also qualify for discounted fees, potentially reducing the cost of investing. With more money remaining invested, more money is working towards your investment goals.

EFFECTIVE DIVERSIFICATION

Owning similar investment products in different accounts could potentially work against you. By consolidating your investments, you will be better able to avoid duplication and exposure to investments that may not be suitable for you. Effective diversification can also help reduce investment risk and increase opportunity for growth.

TAX EFFICIENCY

As an investor, you pay tax on a wide range of investments, but not all investment income is taxed equally. When your investments are consolidated in one place, it makes it easier to balance your holdings between registered and non-registered accounts, and determine which investments should be held in each, so that you can increase overall tax efficiency.

A HOLISTIC PLAN

A comprehensive financial plan is best achieved when your advisor has a clear view of your entire financial picture. A better understanding of your circumstances results in more relevant advice and a fully integrated plan that reflects your goals and aspirations.

Talk to a Scotiabank Advisor about how consolidating your investment assets can improve your financial planning strategy.

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