July 2017

Second Quarter 2017

As we head into summer, most world stock markets are in positive territory year to date.

The U.S. markets are good performers and European markets have been flat since the end of March. The Canadian stock market is not only lagging, but has been in negative territory (-0.7%) since January. The energy sector takes some of the blame due to oil prices being down almost 14% since the end of 2016.

The price of oil is not good for Alberta government revenues. Our budget was based on an outlook of $55.00 US oil on average for 2017.Each $1.00 difference in the oil price means about 310 million dollars to our annual revenues. At $46.00 US/barrel, it affects us hugely.

It looks like the Bank of Canada will pull the trigger on a rate hike next week. Our dollar has been strengthening for the last 3 weeks based on that speculation. Increased interest rates may put pressure on those Canadians who are already struggling to make their monthly debt payments. We cannot stress enough to our clients that paying down debt should be a top priority. Be cautious of the amount of debt you accumulate. You may be able to afford the payments now but if interest rates rise 1%, would you still be able to manage?

The Canadian dollar is up almost 3 full cents against the US dollar since the beginning of the year. This of course, affects our foreign content returns. Returns peaked about a month ago and have pulled back a little since then, mainly due to the rising Canadian dollar. Our balanced portfolios are up about 5% year to date.

Overall, growth in our balanced portfolios has been about 5% so far this year.

> *"Courage is being scared to death… and saddling up anyway."* - John Wayne

	Market	Dec 31 2016	Mar 31 2017	Jun 30 2017	YTD
Canada	TSX	15,288	15,548	15,182	-0.70%
U.S.	DOW	19,763	20,663	21,350	8.00%
U.S.	S&P 500	2,239	2,363	2,423	8.22%
U.K.	FTSE	7143	7323	7313	2.38%
France	CAC	4862	5122	5121	5.33%
Germany	DAX	11481	12313	12325	7.35%
Japan	NIKKEI	19114	18909	20033	4.81%
Canadian $		$74.40	$75.09	$77.12	3.66%
Oil (US$)		53.72	50.6	46.33	-13.75%

***Source: CNN Money*

Summer Hours

Monday	8:30am – 4:30pm
Tuesday	8:30am – 4:30pm
Wednesday	8:30am – 4:30pm
Thursday	8:30am – 4:30pm
Friday	8:30am – 2:00pm

Closed: July 3, 2017
August 7, 2017
September 4, 2017

Did you Know?

In the year you turn 71, your registered investments must be transferred to a RRIF/LIF product. You must start taking income from those funds no later than the end of the following year. If you have a 71st birthday coming up, please contact the office to schedule a meeting to start the transition.

HAVE A WONDERFUL SUMMER

Maude Financial Inc.
5116 – 50 Avenue
Wetaskiwin, AB T9A 0S6
Tel: (780) 352-8111
Fax: (855) 891-3149
Toll free: 1-877-352-8111
info@maudefinancial.com

The Laws of Wealth

Over the past couple months, I have realized the incredible impact that our behaviours and thoughts have on our lives. This may seem like an obvious observation but as humans we tend to focus on external factors such as other people's behaviours, world events, etc. Essentially, we like to blame other people or events for our problems. While external factors do play a role in how our lives unfold, it is the ***internal factors*** (***our thoughts and behaviours***) that have a larger impact on how our lives will play out. Similarly, with investing our behaviours play a much larger role than external factors in whether we will be financial successful or not.

Our last newsletter reviewed Daniel Crosby's first Law of Wealth. Rule #1: "You Control What Matters Most". He explained that research has shown investor's actions (not panicking, making regular contributions and maintaining a long-term focus) have far more of a positive effect on their savings than trying to pick the "golden stock".

Rule #2: You Cannot Do This Alone

Like so many things in life, it is best that you do not manage your life's savings on your own. The theme of Crosby's book is that humans are emotional creatures which in turn makes us prone to be terrible investors if left to our own devices. This chapter investigates whether enlisting the help of a financial advisor saves us from ourselves!

Sure enough, the research is quite consistent across the board. Financial guidance from an advisor "tends to pay off somewhere in the ballpark of 2% to 3% per year". It also reveals that investors who get advice from a financial advisor are 1.5 times more likely to follow through with a long-term investment plan than those who do not. Which translates into greater wealth accumulation. One study found that investors who received between 7-14 years of advice had almost double(1.99X) the wealth of their no-advice peers.

The research reveals that this outperformance is largely due to the advisors acting as your behavioural coaches, preventing you from making emotional investing decisions. In John Maude's words "Our most important job as your advisor is to hold your hand when the sh*t hits the fan".

In the past we have had many new clients come to us with an expectation. This expectation is that as advisors we will assist them in getting better returns because we know the best investments. While we are informed about which investments are at the top of their class, our job goes much beyond the rates of return. Our job is to protect you from your natural human behaviours. It is our pleasure to hold your hand through thick and thin.

Stay Tuned! The next series of our newsletters will focus on Crosby's remaining 9 Laws of Wealth.

"I can guarantee one thing. Those who put an investment program in place will have a lot more money when they retire than those who never got around to it."

- Noel Whittaker