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Dear Client,

I hope that you enjoyed the summer months and are looking forward to the change in season. With each season change, we must prepare for what's to come. This time proven skill of preparedness is understood by all successful portfolio managers, many of whom have anticipated the market volatility experienced this past summer.

On August 24th, the VIX (Chicago Board Options Exchange Volatility Index) spiked at 53.29 which is slightly higher than the 48 recorded in August 2011. The subsequent equity returns that followed in 2012 & 2013 will confirm the long time belief that it remains a buying signal by many market participants. The VIX has also been referred to as the "fear index" and is often a barometer of market sentiments, which can change quite quickly from negative (bearish) to positive (bullish).

The deceleration of China's economy continues to curtail oil prices, which negatively affects Canada's largest export. The commodity sector represents 17% of our economy and can be attributed to the current economic weakness being experienced. This has influenced the Bank of Canada to lower interest rates twice this year bringing the overnight lending rate to 0.5%, adding additional strength to the housing market which is posting double digit returns year over year in most parts of southern Ontario. The loonie subsequently fell further to levels not seen in 11 years, amidst rumours of higher U.S interest rates. The lower dollar should provide a positive backdrop to additional trade, but it will likely take some time for the benefits to be realized.

As Canadians go to the polls on October 19th, we may decide to ponder past decisions and current promises made by all political candidates. Despite the recent focus on the Syrian refugee crisis which appears to be the largest exodus since WWII, the current government remains committed to maintaining a positive economic backdrop. Whatever the outcome of the election, I trust Canada will remain on a solid financial footing for the foreseeable future.

On behalf of both Kim and myself, we would like to wish you and your family a happy Thanksgiving!!

Sincerely,

David Beauchamp, CFP, FMA, CIM, FCSI
Senior Financial Advisor

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