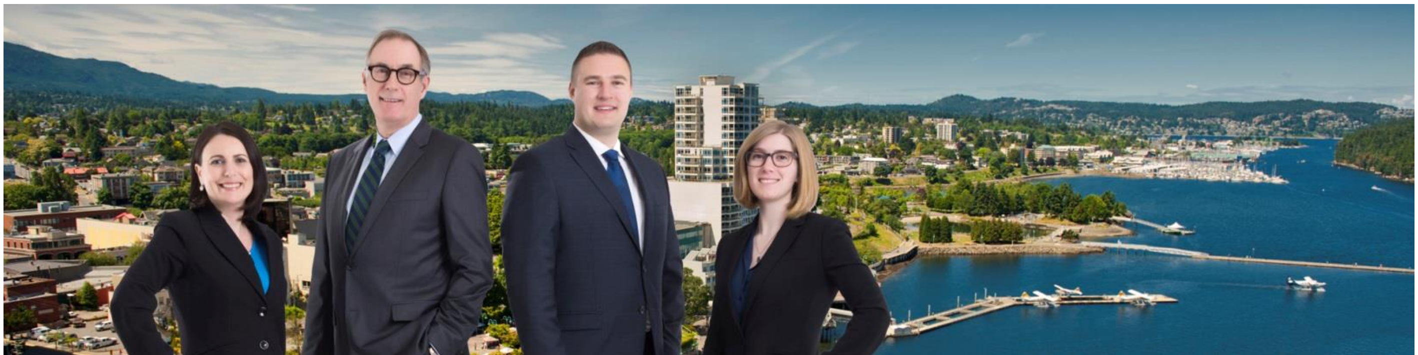
RAYMOND JAMES | DOUGLAS DUNCAN wealth management



U.S. ELECTION IN REVIEW

Ian Douglas, B.Comm, FCSI
Senior Vice President
Financial Advisor
T. 250-729-2830
F. 250-729-2879
E. ian.douglas@raymondjames.ca

Mark Duncan, FMA, PFP, CIM, FCSI
Associate Financial Advisor
T. 250-729-2851
F. 250-729-2879
E. mark.duncan@raymondjames.ca

Meaghan Douglas, B.Comm, PFP, CIM
Associate Financial Advisor
T. 250-729-2860
F. 250-729-2879
E. meaghan.douglas@raymondjames.ca

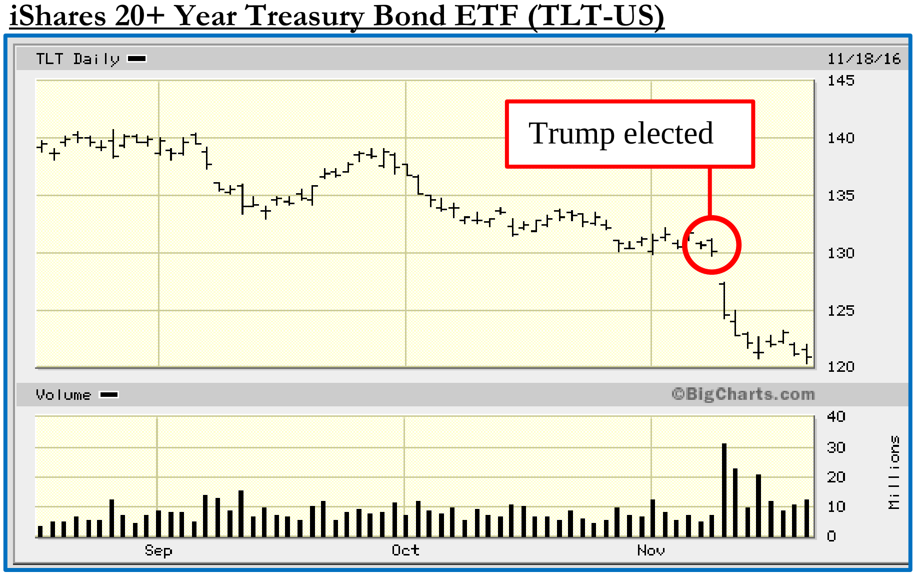
Lisa Cajolet
Administrative Assistant
T. 250-729-2870
F. 250-729-2879
E. lisa.cajolet@raymondjames.ca

Published for the friends and clients of
Douglas Duncan Wealth Management
Raymond James Ltd.
#1-5767 Turner Road
Nanaimo, BC V9T 6L8
Toll free: 1-866-729-2830
www.douglasduncanwm.com

On November 8 the world was shaken when Donald Trump won the United States presidential election. Only a few predicted a Trump win, including The Simpsons writers who prophesized a Trump presidency back in 2000 in the episode, 'Bart to the Future' (source: Time). Otherwise, the election result came as a surprise to many around the world.

During times like these investors must set our personal feelings aside and focus on how Trump's presidency will affect our holdings. During his campaign Trump promised to lower taxes and increase spending, which are inflationary. In expectation of Trump following through on his campaign promises, interest rates rose, lowering the price of bonds. Below is a chart of the iShares 20+ Year Treasury Bond ETF (TLT-US) dropping from $130.09 on November 8 to $120.85 on November 18, a 7.1% decrease.

iShares 20+ Year Treasury Bond ETF (TLT-US)



Source: Bigcharts.com

Should interest rates continue to rise, banks, insurers and economy sensitive companies should benefit.

RAYMOND JAMES

In spite of not predicting a Trump win, many of our holdings have performed remarkably well since the election. Three of our positions highlighted in our September newsletter include: Wells Fargo (WFC), WSP Global (WSP) and Manulife (MFC).

Wells Fargo has increased from $44.28 on September 30 to $52.82 on November 18, a 19.3% gain.

Wells Fargo & Co. (WFC)

Source: Bigcharts.com

Manulife has increased from $18.51 on September 30 to $22.95 at the November 18 close, a 24.0% gain. Like Wells Fargo, Manulife benefits from rising interest rates.

Manulife Financial Corp. (MFC)

Source: Bigcharts.com

RAYMOND JAMES®

We also highlighted WSP Global, an engineering company, which we believed would benefit from increased infrastructure spending in the United States. Since September 30, WSP has increased from $41.33 to $47.64 on November 18, a 15.3% gain.

WSP Global Inc. (WSP)

Source: Bigcharts.com

Unlike the financial and construction sectors, interest rate sensitive companies in the telecommunication, utility and REIT sectors tend to underperform in rising interest rate environments.

Below is a chart of the Canadian Capped Utilities Index. It decreased from $22.06 on November 8 to $20.85 on November 18, a 5.5% loss.

iShares S&P/TSX Capped Utilities Index ETF (XUT)

Source: Bigcharts.com

Holdings such as Telus (T), Fortis (FTS) and H&R REIT (HR.UN) are expected to underperform with rising interest rates. However, these have historically paid reliable dividends and provide a balance should interest rates and inflation fail to increase.

Currently the capital markets in Canada and the U.S. have given the future Trump administration 'the benefit of the doubt.' This is because of his promises to remove burdensome regulations in the financial markets, encourage energy exploration and implement big infrastructure spending. All of these should be positive to GDP. However, other Trump campaign promises including raising tariffs, breaking trade agreements, and slowing cross-border immigration are extraordinarily bad for the economy. Should some of these policies come to pass we can expect a negative reaction in the markets.

For this reason we have to be careful not to get overconfident with our recent successes, and keep in mind our personal goals and risk tolerance. Please call if you have any questions or concerns and have a wonderful holiday season.

With the addition of Mark and Meaghan as Associate Advisors, we now have the ability to take care of more relationships. If you have friends who have expressed an interest in finding a new advisor, we would be delighted to hear from you. Just call our office at 250-729-2830 and we'll take it from there. Thanks!

Ian Douglas
Senior Vice President
Financial Advisor

Mark Duncan
Associate
Financial Advisor

Meaghan Douglas
Associate
Financial Advisor

Lisa Cajolet
Administrative
Assistant

RAYMOND JAMES®