



Important Message From Ian

On October 1, we are transitioning the ownership of Douglas Duncan Wealth Management from myself to Meaghan and Mark. For the next year, I will be an advisor for the team, writing the newsletter, helping with investment strategy, and assisting with client meetings if requested. After that time, I will be a client of the team so will provide any input when asked.

I have been very fortunate to have found the best career for my skill set, and have worked with fabulous clients and team members over the last 35 years. However, I have come to a point where I would like less responsibility and would like to enjoy new adventures in my life.

I am very grateful for my relationships with our clients who have shown extraordinary class and grace through life's journey and the ups and downs of the markets. We have worked together these past 6 ½ years preparing the team to ensure that all of you will continue to enjoy a similar positive experience. Meaghan and Mark have each embraced my investment style, and plan to continue to follow the same strategy to provide good investment results.

As none of the team would feel comfortable "blowing their own horn", I will give a short bio on each of them.

Meaghan graduated from NDSS in 2009, 5th in a class of 250. She went on to earn a Bachelor of Commerce with a major in entrepreneurship at UVIC, graduating with distinction in the top 20% of her class. Meaghan has studied in Germany and attended the Vienna University of Economics and Business in Austria, becoming fluent in German. Upon joining our Nanaimo team in 2013, Meaghan has earned her Certified Financial Planner (CFP) designation and has moved up from an assistant to associate to financial advisor. Meaghan also holds the Chartered Investment Manager (CIM) designation and is a licensed insurance agent in BC. During her years at Raymond James, Meaghan has shown an intuitive understanding of economics and finance, and has a calm temperament that will serve her clients well. Meaghan is married to Matiss and is an accomplished mountaineer and skier.

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Mark started in the investment business 15 years ago, while earning a diploma in finance at Camosun College in Victoria. Mark has been with Raymond James for 14 years, initially as an assistant to a successful advisor in our Victoria branch. Mark started with our Nanaimo team in 2013, and has earned his Certified Financial Planner (CFP) designation which is generally considered to be the highest financial planning designation in Canada. He also holds the Chartered Investment Manager (CIM), Financial Management Advisor (FMA), and Fellow of CSI (FCSI) designations and is a licensed insurance agent in BC. Mark gets to the office at 6:30 every morning and is a keen follower of the financial markets. Mark is married to Kelsey and is the father of 2 ½ year old Graeson. When fatherhood permits, Mark is an amazing downhill skier.

Lisa joined our team in March of 2013, returning to the Island after an 18 year career as a paralegal in Vancouver. Lisa passed her Canadian Securities Course and Conduct and Practices Handbook course in her first year with the team and is fully licenced to place unsolicited trading orders. Lisa’s strong knowledge of our industry and high skill level allow Meaghan, Mark and Ian to pay full attention to financial planning and investment management.

Janice has lived in the mid-Island area for 25 years, and has 30 years of experience as an administrative assistant in the real estate and investment industries. Janice scored 78% on the first exam of the Canadian Securities Course and expects to be licenced by early 2020. Janice has great attention to detail, is very committed to her role, and has a very kind and helpful disposition.

Our Nanaimo team has an excellent combination of experience and commitment to helping our clients get through the next 30 years of your financial lives. We are also very fortunate to work for Raymond James which allows us the freedom to avoid high priced in-house investment products and focus on our offering of high service, low fees, and good investment results. I am confident that our Nanaimo team will deliver the positive investment experience that you deserve, and will adapt to the inevitable changes that markets will bring us.

I would like to thank the team for embracing this opportunity, and would particularly like to thank all of our clients for your wisdom and friendship over the last 35 years.

Market Review

The S&P/TSX is up 1.68% this quarter and the S&P 500 is up 1.15%. The one year returns are 3.64% and 2.12% respectively. The general theme of the market is that the very popular “hot” stocks have seen significant corrections and the economically dependent stocks have under-performed, but the economically resilient stocks have performed well. As we have been focused on defensive companies in our portfolios, we have been rewarded with many of our holdings now hitting new highs as the higher risk companies have corrected sharply.

	<u>Sept 28/18</u> <u>Close</u>	<u>June 28/19</u> <u>Close</u>	<u>Sept 30/19</u> <u>Close</u>	<u>90-Day %</u> <u>Change</u>	<u>1-Year</u> <u>% Change</u>
S&P 500	2,914	2,942	2,976	1.15%	2.12%
S&P/TSX Composite	16,073	16,382	16,658	1.68%	3.64%

Source: Thomson One

<u>World Markets</u>	<u>YTD</u>
S&P/TSX Composite	16.3%
S&P 500	6.8%
NASDAQ	20.6%
Dow Jones	15.4%
Russel 2000	13.0%
iShares S&P/TSX Preferred Index ETF	-4.4%
DJ Stoxx 50	18.9%
FTSE 100	10.1%
HANG SENG	1.0%

As of September 30, 2019

Source: Thomson One

New All Time Highs This Quarter (of our largest 40 positions)

In spite of the pullback in risk appetite in the market, we have been fortunate to own some very good performers. What these companies have in common is that they are leaders in their industries and tend to be not too susceptible to general economic weakness.

<u>Holding</u>	<u>Ranking</u>	<u>Sept 28, 2018 Price</u>	<u>Sept 30, 2019 Price</u>	<u>Total Annual Gain (Including Dividends)</u>
Brookfield Renewable Partners	13	\$39.14	\$53.80	44.40%
Fortis Inc	6	\$41.88	\$56.01	38.30%
TC Energy Corp	17	\$52.26	\$68.60	37.00%
Brookfield Infrastructure LPU	20	\$51.57	\$65.60	30.45%
BCE Inc	22	\$52.33	\$64.08	28.51%
Brookfield Asset Mgmt	5	\$57.49	\$70.35	23.85%
Costco*	37	\$234.88	\$288.11	23.77%
Cdn Apartment Properties REIT	34	\$47.69	\$54.47	17.10%
WSP Global Inc	4	\$70.69	\$77.43	11.65%
JP Morgan Chase*	15	\$112.84	\$117.69	7.49%
National Bank	38	\$64.51	\$65.92	6.40%
Vanguard S&P 500 Index ETF	36	\$66.83	\$69.98	6.33%
S&P 500 Trust ETF*	28	\$290.72	\$296.77	3.97%

*Returns in US dollars

Source: Thomson One

Fixed Income

Canadian T-Bills and Bonds Yields

	<u>Mar 29,</u> <u>2019</u>	<u>June 28,</u> <u>2019</u>	<u>Sept 30,</u> <u>2019</u>
90-day	1.67%	1.67%	1.65%
180-day	1.67%	1.69%	1.68%
1 year	1.69%	1.69%	1.72%
2-year	1.550%	1.475%	1.58%
5-year	1.520%	1.397%	1.398%
10-year	1.620%	1.467%	1.362%
30-year	1.894%	1.685%	1.529%

Source: Thomson One

International 10-Year Bond Yields

	<u>Mar 29,</u> <u>2019</u>	<u>June 28,</u> <u>2019</u>	<u>Sept 30,</u> <u>2019</u>
Japan	-0.10%	-0.17%	-0.23%
U.S.	2.41%	2.01%	1.66%
Germany	-0.07%	-0.33%	-0.58%
Canada	1.62%	1.47%	1.36%
U.K.	0.99%	0.83%	0.48%
France	0.31%	-0.01%	-0.28%
Spain	1.09%	0.39%	0.14%
Italy	2.49%	2.20%	0.82%
Portugal	1.24%	0.47%	0.15%
India	7.35%	6.88%	6.70%

Source: Bloomberg.com

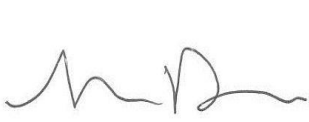
Investors continue to seek the certainty of government bonds, where there is a guarantee of return of capital at maturity. Some larger investors, such as pension funds and endowments are obligated to buy a certain percentage of bonds due to their investment policy, and other bond investors are speculating that rates will fall further still, giving them a short term return in excess of the coupon rate. Other investors may hold bonds through mutual funds or ETFs, and may be unaware that they are holding investments that have an expected return close to zero.

The yields on US bonds have fluctuated with news reports and tweets on the US – China trade dispute, going up with hopes of an agreement, and down when tariffs are escalated or other negative news emerges. There has been some expectation that the US Federal Reserve will lower short term rates to help stimulate the economy further, which may at one point lower the interest rates that we currently get on our daily interest accounts. Those investors who don't have the risk tolerance for equities are getting negative real returns after inflation and taxes.

Summary

As usual, we mostly “stay the course” with our portfolios, occasionally reducing or eliminating positions if there is a fundamental impairment in that company’s future, and occasionally buying other positions as they become attractive. We are currently not making any large position changes, but between the upcoming Canadian election, the US – China trade dispute, the US – Iran conflict, and other unexpected world events, there may be lots of opportunities to take advantage of any volatility that arises. If you have any questions with your portfolio, please call our office.

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!



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