



Highlights



It was another banner month within a banner year for global equities.



Anticipation of the passing of the U.S. tax reform bill buoyed U.S. equity market returns.



S&P/TSX Composite returns lagged global peers as investor sentiment toward Canada's energy sector remains poor, in spite of oil prices moving higher.



Canadian bond returns gained ground as longer-term bond yields fell amidst strong ongoing demand.

Notice something?

There's a modern new look and feel to GLC, including a redesigned website and logo, but our straightforward approach to sharing capital market insights and our singular focus on deliver strong long-term investment performance remain unwavering. We hope you like it!

Tied with a bow

It was another banner month within a banner year for global equities. Many major global equity markets have booked double-digit year-to-date returns. Canada is a noted exception, as the S&P/TSX Composite was held back in November yet again by the energy sector's failure to keep up with recent oil price gains. In North America, consumer-based stocks continued to do well, while energy and commodity-based stocks lagged...and therein lies the crux of the divergence seen between the U.S. and Canadian market results in 2017.

Canadian bonds performed well in November and are on-track to supersede the 'modest 1-2%' 2017 return expectations set out at the start of the year. Shorter term yields moved higher, while longer-term yields fell. Demand for longer-term bonds remains strong from global bond investors who continue to face negative bond yields in Japan and Europe. Traditional bond investors are also looking to shore-up duration-matched liabilities (think retirement funds) and are stretching further out the duration curve in search of yield.

Bull market 'be like' fruitcakes – stayin' fresh surprisingly long

The S&P 500 bull market has now surpassed 104 months in duration (17 months longer than average going back to 1950). The markets have been buoyed by a combination of good fundamentals and remarkable resilience to the usual worries that afflict investor

Market Summary

Canadian Fixed Income ¹	Month	YTD
FTSE TMX Canada Universe Bond Index	0.8%	2.9%
FTSE TMX Canada All Corporate Bond Index	0.7%	3.8%

Canadian Equities ²	Month	YTD
S&P/TSX Composite	0.3%	5.1%

Global Equities ²	Month		YTD	
	Local	CAD	Local	CAD
S&P 500	2.8%	2.9%	18.3%	13.5%
MSCI EAFE	-0.7%	0.9%	11.0%	15.1%
MSCI Emerging Markets	-0.9%	0.2%	24.8%	24.7%

Currencies and Commodities (in USD)	Level	Month	YTD
CDN \$	\$0.775	-0.1%	4.2%
Oil (West Texas)	\$57.40	5.6%	6.9%
Gold	\$1,275.01	0.3%	11.1%
Reuters/Jeffries CRB Index	\$189.17	0.9%	-1.7%

S&P/TSX Composite Sector Returns ²	Month	YTD
Energy	-0.6%	-10.8%
Materials	-0.4%	2.7%
Industrials	-1.5%	15.5%
Cons. Disc.	1.5%	21.2%
Info Tech	0.2%	15.8%
Health Care	18.2%	6.9%
Financials	0.3%	9.0%
Cons. Staples	3.7%	6.6%
Telecom	2.4%	12.3%
Utilities	-0.3%	7.5%
Real Estate	1.0%	5.3%

Local currency unless otherwise stated.

¹Total return ²Price only return

Source: Bloomberg, FTSE TMX Global Debt Capital Markets Inc.



confidence. Strong Q3 corporate earnings, accelerating global growth, improving commodity prices, robust consumer confidence, housing and jobs results have lifted investors spirits. Meanwhile, North Korean missile testing, political rhetoric, terror attacks, geopolitical events and more, have come and gone with barely a passing response from investors. This type of rose-coloured view comes with risks of investor complacency and check-backs in market returns. We all agree these heydays for capital markets can't last forever, but like a Christmas fruitcake – they can have remarkable longevity!

“The worst gift is a fruitcake. There is only one fruitcake in the entire world, and people keep sending it to each other.” – Johnny Carson

Some assembly required

In November, OPEC (Organization of the Petroleum Exporting Countries) and its allies agreed to extend oil production cuts to the end of 2018. The deal was beefed-up by the inclusion of previously exempted Nigeria and Libya. The move was largely expected by markets, but should help to support higher oil prices in 2018.

NAFTA (North American Free Trade Agreement) negotiations ended for the year, with more talks planned for January. The expected outcome is tenuous at best. An end to NAFTA would pose risks to a number of Canadian, US and Mexican industries, and we expect it would come with a commiserate initial market response. Longer term, even if a deal doesn't get done, we don't see this as the end of economic prosperity for Canada.

After a few snags, concerns about larger than expected deficits, compromise and cajoling, the U.S. tax reform bill passed the Senate in the wee hours of the morning on December 2nd. US stock markets rose in anticipation throughout November. The negotiating is not over yet, as the bill now moves into the hardest phase - reconciliation between the U.S. House of Representatives and the U.S. Senate versions of the bill.

“Christmas is a time when kids tell Santa what they want and adults pay for it. Deficits are when adults tell the government what they want and their kids pay for it.” – Richard Lamm

The biggest shopping day

November 11th, 2017 (Singles' Day - a Chinese holiday held on 11-11 since the 1990's), is the biggest shopping holiday in the world. Even with expectations for a banner holiday shopping season in the U.S., Singles Day retailing results are expected to surpass the chaotic American consumerism of Black Friday, Cyber Monday and Boxing Day. Asia is now a focal point for global consumer spending, and the exponential growth of sales on Singles Day is a reminder of how important global trade is to corporate earnings growth.

The joys of the holidays

One of the true joys of the holiday season is the opportunity to thank those who support us. Your loyalty inspires and motivates us every day to pursue strong long term investment performance. From all of us at GLC to you, our investors, business partners and friends, may your holiday season be bright and merry and the New Year reward you with good health, good fortune and much happiness.



Christine Wellenreiter, VP Marketing and Communications, has more than 15 years of investment industry experience and has been writing the monthly Market Matters for over 10 years.

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