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BULL CAPITAL MANAGEMENT INC.

QUARTERLY MARKET COMMENTARY – QUARTER ENDED MARCH 31, 2017

Overview

As 2016 came to a close there was a great deal of speculation about what a Donald Trump presidency might mean for the US economy, as well as the implications for the broader global economy. High hopes that the President-elect's proposed policies (including tax cuts, infrastructure spending and regulatory reductions) would lead to a reflationary environment of greater growth and increased inflation, which resulted in a wide divergence of returns across various sectors, with Financials being the largest beneficiary. This also pushed bond yields higher causing negative returns in the fixed income markets. By the end of the first quarter of this year, this reflation trade had lost steam, as markets normalized in light of the greater uncertainty surrounding Trump's ability to implement his pro-growth policies, and the pace at which these changes will be introduced. However, equity markets around the globe continued to push higher in the first quarter suggesting that there is more to the recent upward moves than just the 'Trump Rally'. While certain segments of the market received a rapid short-term boost, a much broader component of the equity market continues to move forward, both in the US and abroad. This would suggest that world economies are doing quite well. There have been improvements in both GDP and inflation indicating continued upward trends in the future. However, based on diverging global fiscal and monetary policies, countries are moving at varying degrees with the ECB considering a slowdown of their asset purchase program, Japan continuing their QE program and the US beginning to normalize their interest rate policy. Despite the Fed rate increase in the first quarter, yields actually moved down for the three month period and bonds, both Canadian and global, were positive in the quarter. From a currency perspective, the Canadian dollar gained slightly against the US dollar (0.9%), while declining against the yen (5.3%) and with very little change against the euro.

Global Equity (in local currency terms unless noted otherwise)

Another strong quarterly return for the global equity markets (5.4%), the fourth in a row, pushed the MSCI World index to a return of over 17% for the past year. A much greater bias towards growth sectors was evident in these global markets with Information Technology, Health Care and Consumer Discretionary the top three performing sectors (with Technology gaining over 11% in the quarter). As was the case in all markets, the Energy sector was the largest decliner, and among the only sectors to lose value in the quarter. As of the end of March, the US equity market represents almost 60% of the global equity index and continues to have the greater impact on the markets overall return. Additionally, the international markets made a positive contribution (4.7%), although smaller than the US (6.0%). The global equity index (which consists of developed nations) received a positive contribution from all but one country represented (Japan), with returns ranging from -0.2% in Japan (Canada was also at the low end) to over 13% in Hong Kong and Spain. Emerging markets rebounded with a very strong first quarter, returning 7.8%, and were well ahead of the developed markets index.

Canadian Equity

The Canadian equity market generated a return of 2.4% in the first quarter and has now earned a positive return for fourteen consecutive months. However, the drivers of these market returns differed significantly from the previous quarter, which saw Financials and Energy leading the way. This quarter's returns within the index were fairly broad based with both defensive, yield oriented sectors (Telecoms, Utilities and Real Estate) rebounding and cyclical sectors (Information Technology, Consumer Discretionary and Materials) also performing well. The strongest performance was in the Utilities, Consumer Discretionary and Information Technology sectors (ranging from 7% to 7.3%), whereas Energy (down 5.5%) was one of only two negative sectors. After moving steadily upward through most of 2016, the price of oil was down almost 6% in the quarter, due in large part to oversupply concerns in the US, as their inventory build continued. The other resource sector, Materials, rebounded in the first quarter with a return of 6.1% (as gold moved up over 8%). Financials gained 3.5% in the quarter and remains among the top performing sectors over the past 12 months. The S&P/TSX Small Cap index trailed the large cap index with a gain of 1.5% in the first quarter compared to the S&P TSX 60 return of 2.4%, but remains ahead of large caps by over 10% over the past year.

Fixed Income

The Canadian bond market generated a positive return in the first quarter (1.2%) but the large decline in the fourth quarter has resulted in the broad bond index increasing by only 1.5% over the past 12 months. Bond yields within the Canadian market remained fairly stable for the majority of the quarter with some upward movement in advance of the Federal Reserve's interest rate announcement in mid-March. However, tempered inflation expectations pushed yields lower towards the end of the quarter almost in line with where they started (down from 1.72% to 1.64%). Global bonds were also positive in the quarter, after a large drawdown in the fourth quarter, but remain in negative territory over the past 12 months.

Benchmark Index	Asset Class	Quarter	Year to Date	One Year	Three Year	Five Year	Ten Year
MSCI World (C\$)	Global Equity	5.36	5.36	17.52	12.22	15.84	5.69
MSCI ACWI (C\$)	Global Equity (incl. Emerging Markets)	5.89	5.89	17.81	11.75	14.79	5.48
S&P500 (C\$)	US Equity	5.06	5.06	19.99	17.38	20.01	9.04
MSCI EAFE (C\$)	International Equity	6.22	6.22	14.36	6.88	12.09	2.49
MSCI EM (C\$)	Emerging Markets	10.38	10.38	20.03	7.60	6.77	4.18
S&P/TSX Composite	Canadian Equity	2.42	2.42	18.63	5.83	7.84	4.70
S&P/TSX Small Cap	Canadian Small Cap	1.47	1.47	29.48	3.28	3.38	1.81
Citigroup World Government Bond Index (C\$)	Global Fixed Income	0.58	0.58	-1.34	5.08	5.30	4.50
FTSE TMX Corporate Bond	Canadian Corporate Fixed Income	1.83	1.83	4.04	4.26	4.26	5.47
FTSE TMX Universe Bond	Canadian Fixed Income	1.24	1.24	1.50	4.09	3.52	4.81
FTSE TMX 91 Day T-bill	Canadian Cash	0.10	0.10	0.49	0.65	0.79	1.30