



Dalrymple Wealth Counsel

Building you a secure future

As at September 30, 2014

Quarterly Newsletter

Our Philosophy

We believe that long-term financial security is the result of sound investment disciplines and risk management practices.

Helping clients feel secure in their goals is our first priority.

We believe in:

- Partnership with our clients in the goal setting process
- Clearly identifying each client's unique financial needs and objectives
- Consistent application of a logical disciplined investment approach
- Accountability through adherence to strategies consistent with client financial goals
- Absolute confidentiality

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The Secular Bull Market Continues

By mid-2013, we took the position that a new secular bull market was underway due to:

- Mounting evidence of new technologies - 3D printing, robotics, biotechnology and use of new materials in industry
- Global banking systems, particularly in the US, have been repairing

We are still waiting on the report on the Euro banks – due shortly – to see how far the banking system repairs have come in that region.

Until now, the financial markets have largely ignored geo-political risks related to Russia, the beginning of structural reform in China, and aggression in the Middle East, Syria, and Africa.

Eventually, economic growth and corporate projects are undermined. Over the long-term, stock markets reflect most closely and will continue to cycle within the long-term secular up-trend.

The current cyclical downturn in Europe, South America and China will abate. We expect that equity markets will resume their up-trend towards year-end and going forward into 2015.

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Financial Markets	Level	Current Quarter	Past Quarter	Trailing 12 Months
Canada (S&P/TSX Composite Index)	14961	-1.20	5.70	17.00
US (S&P 500 Index)	1972	0.60	4.70	17.30
China (CSI 300)	2451	13.20	0.90	1.70
Europe (DJ Euro Stoxx 50)	3226	-0.10	2.10	11.50
India (Sensex)	26630	4.78	14.25	37.41
Japan (Nikkei 225 Index)	16174	6.70	2.30	11.90

Note: Performance is measured in local currencies; changes are the indices changes that do not include income.

Source: Bloomberg, Raymond James.

As we expected last quarter, the market in China was up significantly in this latest quarter (13%) bringing that market a nudge under 2% for the last 12 months. New leadership in India has under-pinned trailing 12 month growth in the stock market there, reaching 37%. The laggard markets this quarter were Canada, the US and the UK, ranging from basically flat in the case of the US, to down for the quarter in Canada, Europe and the UK. Japanese markets continued their advance (6.7%) in the current quarter. We expect China to continue its strong advance in the 4th quarter and Europe, the US, Canada and the UK to have modest growth.

Interest Rates (10-Year):	Sep-14	3 Months Ago	12 Months Ago
Canadian Government (interest yield basis)	2.20	2.26	2.42
US Government (interest yield basis)	2.52	2.60	2.62

Source: US Federal Reserve and Bank of Canada.

We may see deflation, particularly in Europe. The US, already below 2%, may also move downward as well particularly with the recent decline in the price of oil. However, we expect inflation in Canada.

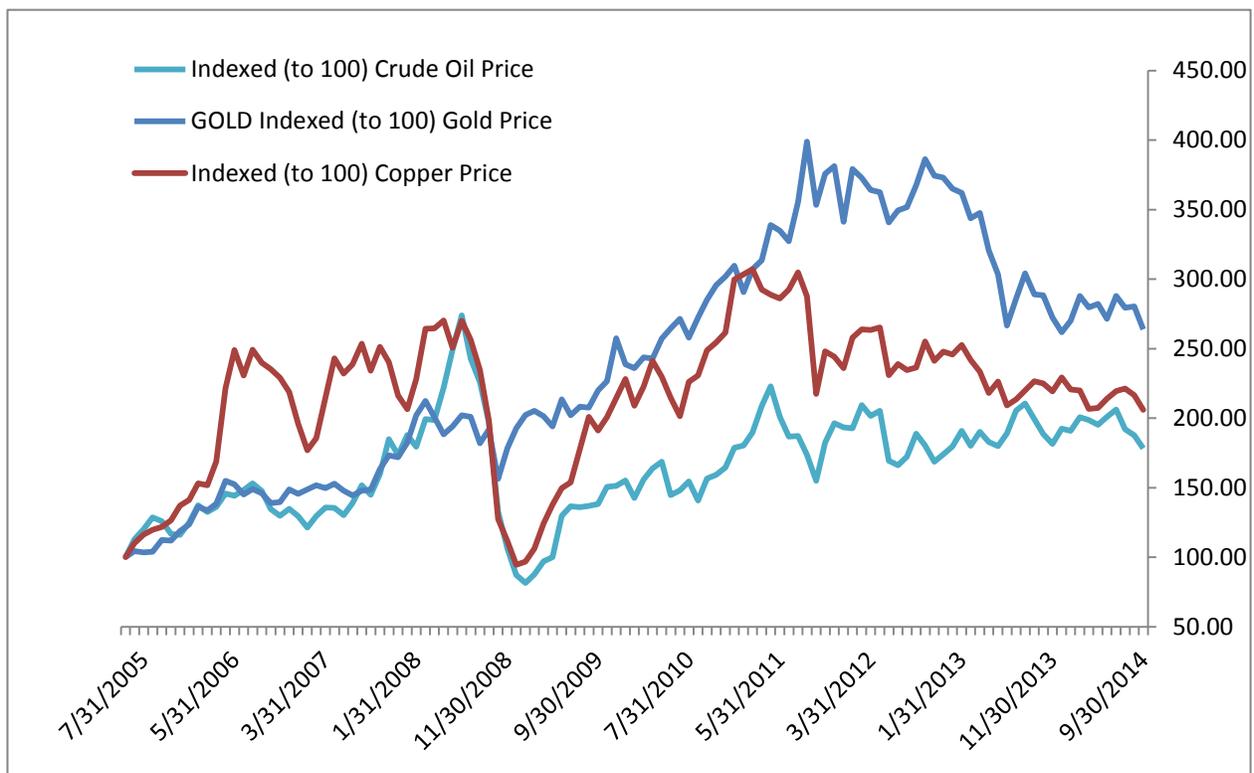
All of this set in a world where:

- Growth in capacity to produce goods and services far outstrips demand
- World population growth rates are slowing
- The world is awash in savings
- Structural reform and government deleveraging has put downward pressure on inflation

Interest rates are down in both Canada (2.20%) and the US (2.52%) from the last quarter and are now down 0.10% in the US from where they were one year ago. US interest rates are down about 0.08% from where they were last quarter.

Gold and Oil and Copper

Currency, Oil & Gold	Level	Current Quarter	Past Quarter	Trailing 12 Months
Canadian Dollar (in US Dollars)	\$0.89	-4.70 ↓	3.60 ↑	-7.90 ↓
Oil (US\$/bbl)	\$91.16	-13.50 ↓	3.70 ↑	-10.90 ↓
Gold (US\$/oz.)	\$1,208.00	-9.00 ↓	3.40 ↑	-9.10 ↓
US Dollar (Trade-Weighted)	\$85.94	7.70 ↑	-0.40 ↓	7.10 ↑
Copper (US\$/lb)	\$2.98	-5.00 ↓	5.60 ↑	-8.70 ↓



Source: Bloomberg, Raymond James.

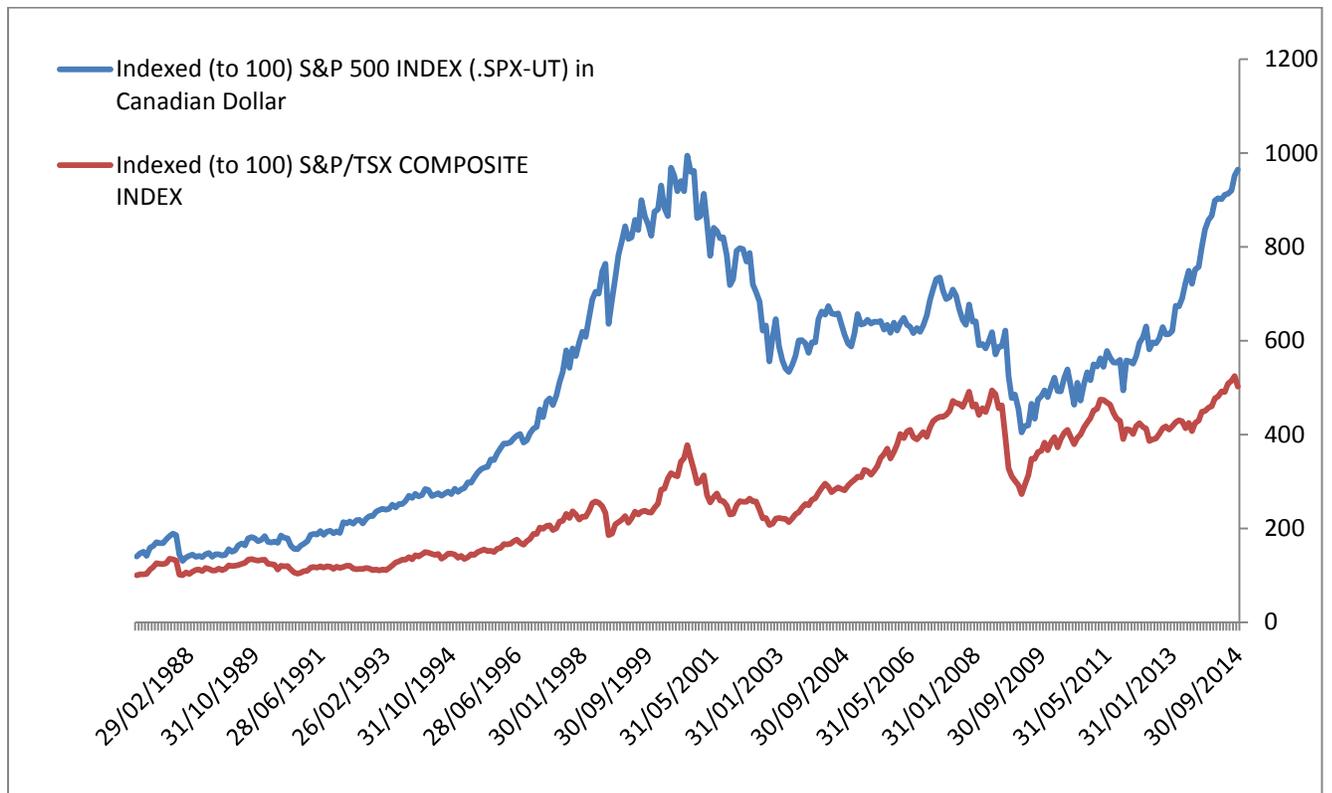
There is nothing in the price of gold, the price of oil, copper or commodities in general that portends higher inflation. The US trade weighted dollar-index is up significantly (7.0%) over 12 months. The Canadian dollar weakened by 4.7% last quarter and has weakened by almost 8% in the last year. This has, no doubt, helped the Canadian economy – by making Canada’s exports more competitive and reducing the risks of deflation in the short-term. Our view that the strengthening in the Canadian dollar last quarter was short term was proven correct.

Looking Ahead Throughout 2014 and Into 2015

There continue to be a number of potential opportunities for the global economy going forward:

- Emerging evidence that there will be a dividend from the lower price of oil at \$80 per barrel over the next 5 years. Oil prices have fallen despite upheavals - it is now projected that the U.S. will overtake Russia as a leading oil producer by 2020.
- Government debt “de-leveraging” will lead to higher economic growth and potential banking system stability in Europe, China and the US for example.
- Fiscal or currency stability becomes more apparent as China remains stable while moving towards more re-structuring, and the European banking system and currency zone becomes more stable.
- Re-emergence of stronger growth
- Over-weighted investment in the US market looks to be a good risk reward.

TSX and S&P 500 Composite Indices



Source: Thompson One



Robert Hughes, Financial Advisor

Volatility, Common Investment Mistakes, and Asking Better Questions:

Since the Dow Jones Industrial Average bottomed in March of 2009 at 6,469, this index of blue chip large capitalized stocks has trended nicely and closed on September 19, 2014 at 17,279, an all-time high. Four years of nicely rising equity markets with no major correction! Numerous double digit declines followed by double digit recoveries have ushered in, yet again, a new wave of volatility. And, at the time of this writing, is making new highs yet again.

Volatility is back and right on cue, more and more people are talking about these fluctuations and naturally are starting to ask questions. Individuals who are fully invested, and who still believe that successful market timing should play a role in the management of the investment portfolios, are asking questions such as “Should we sell and get back in later after the market drops even more?” While others, who have cash and are waiting for the perfect time to enter the market, are wondering “Should we invest now to benefit from a market recovery?” These are just some of the emotionally-driven questions today’s investors are asking. From our collective experience, we believe they are not the right questions to focus on because no one can predict where the markets will be over the short term. We encourage families to engage your Dalrymple Wealth advisory team who will answer when asked “Where will the markets be in 5 months?” with “We do not know,” because that will be the truth. We do feel we have an understanding of where markets will be in five years and we build portfolios with these considerations in mind.

The most effective strategy, in our opinion, is to stay fully invested in your plan by keeping you invested within the predetermined ranges that we set out from day one in your Investment Policy Statement. Doing this avoids becoming tripped up by common investment mistakes.

Other common investment mistakes include: Falling in love with a story about a company’s future potential; believing things are different this time; confusing good ideas with good investments; and falling for the investment banking trap.

The Canadian Securities Administrators (CSA) is also warning Canadians to be very wary of extravagant promotions for new sectors or novel investing opportunities that may lead them into an unsuitable, unsustainable or fraudulent investment. “Too often we hear about investors buying into the latest, greatest investment opportunity based on information that is light on details and promotes the investment as a ‘can’t miss’ opportunity,” says Bill Rice, chair of the CSA. “There is no such thing as a ‘can’t miss’ investment, and investors must take time to research the validity of the business, the risk factors involved, and the investment’s suitability for meeting their personal finance goals.” We take pride at Dalrymple Wealth Counsel in carefully researching our investments, the risk factors included and the investment suitability for meeting your personal goals.

Doing homework from our perspective includes asking questions of you:

1. Are your assets being managed in the proper environment?
Traditional brokerage vs. Wealth Counsel
2. What are your costs compared to the value you are receiving?
Repeated Transactional commissions vs. Costs to manage all financial affairs

Our clients have told us the resulting dialogue they have with us leads to a feeling of comfort and ease in their portfolio and their financial futures. Although we are in volatile times again, the questions one asks during these fluctuations are important and as always we are here to discuss things with you – by your side.

-Robert Hughes

Our Team – Updates



Good Luck Ziyu!

Ziyu has contributed significantly to our client services team of Dalrymple Wealth Counsel for over three years. Ziyu has decided to take an extended sabbatical to pursue his proficiency levels for the Chartered Financial Analyst designation, a requirement for portfolio management. He will also assist his parents to immigrate and establish a business in Canada. We certainly give Ziyu our thanks and our best wishes in pursuit of his aspirations.

We are pleased to welcome Adriana Gogoi and Diana Wong to the Dalrymple Wealth Counsel team.



Adriana Gogoi – Administrative Assistant

Adriana has graduated from the Business Administration program at York University. While completing her degree, she acquired vital skills in customer relations and administration. She is excited for all the challenges her new position at Dalrymple Wealth Counsel will bring.

Welcome Adriana!



Diana Wong – Administrative Assistant

Diana recently graduated from the International Business Administration program at the Schulich School of Business. Throughout her degree program, she has developed her skills in management and client services. She is excited to begin her new position at Dalrymple Wealth Counsel and for the challenges and experiences it will provide. Welcome Diana!

Giving Back to the Community

“Giving back to the community is in the DNA of Dalrymple Wealth Counsel. Set aside the Eurozone debt crisis, the US financial meltdown – giving back to the community is our vision of the future. We choose our partners carefully – where we have a relationship to build a better tomorrow.”

... Ian Dalrymple



Marisa Bertoia, Branch Administrator



The 3rd annual Skate with Daniel Comedy Nite which was held on October 24, 2014 was a great success...Skate with Daniel raised over **\$85,000 NET**.

The MCs for the evening were Steven D’Souza from CBC’s *The National* and Andrea Trentadue from CHIN TV. They created a welcoming atmosphere while comedian Derek Seguin kept the audience laughing.



MCs: Steven D’Souza from CBC *The National* & Andrea Trentadue from CHIN TV

The Skate with Daniel team has inspired many with their passion and energy to organize such a wonderful event. More than 450 guests attended the sold out dinner and show event. All proceeds go directly to **brain tumor** research. Many of the guests left with an adorable SWD Ganz teddy bear and most of them were donated back to SickKids hospital for a sick child with an inspirational note attached.

We can all make a difference in some way. Giving a little goes a long way! In Marisa’s speech she said “When I see a community come together such as this, to support and possibly save another child’s life, that is when I believe in hope again:

HOPE...that another child will never have to endure what Daniel did.

HOPE...that a mother will never have to feel what I have felt.

HOPE...that we will find a cure for this terrible disease!”

If you would like to donate towards this cause; cheques can be made payable to:

Skate with Daniel

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Jadyn was diagnosed at the young age of 5 with a brain tumor. She has persevered through four relapses.

Advancing Research, Creating Miracles.

www.skatewithdaniel.com

Dalrymple Wealth Counsel also sponsors the “Neil Lovatt Memorial Fund” (NLMF)

The NLMF was established 12 years ago as an initiative of the Muskoka Woods Youth Foundation to raise funds to send economically disadvantaged children to summer camp at Muskoka Woods. Each year, the NLMF has been able to send over 120 deserving youth every summer for a week at Muskoka Woods by working with partner agencies like Urban Promise, Youth Unlimited, One Voice One Team & the Salvation Army.