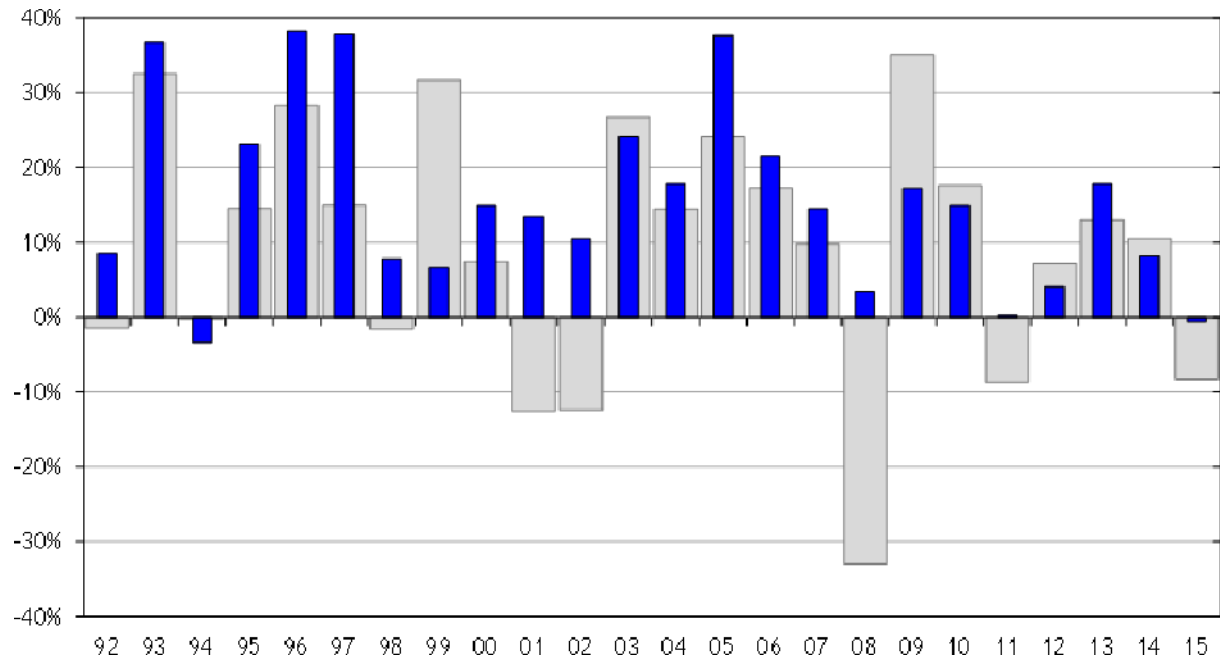


February 13th, 2017

"Won2One" with Nick Foglietta

Tactical Equity Income Model Portfolio Record



Tactical Equity Income Model Present Conditions:

TEAM Model Asset Allocation: 100% stocks
S&P/TSX 60 Closing Value: 15,728
TSX 200 Day Moving Ave: 14,688
% Above/Below 200 Day Moving Ave: **7.08% Above**

Levels for change: 50% stocks - **TSX 15,422** and 100% cash at – **TSX 13,953**

Weekly Quote

From "New World Order" to "Hazy World Disorder"

A great description of global politics in the past year!

Anything Could Happen!

It has been a really busy start to the year. And what is great about busy is I get to talk to so many of you!

After a lot of conversations the past six weeks I would venture to make a general comment that summarizes how people are feeling: **ANXIOUS – because we live in a world where anything can happen...and happen fast!** (Hence, the quote of the week).

Feeling this way can be a detriment to your wellbeing – both physical and financial!

There is one obvious change that has led people to feel uneasy about the near future. President Donald Trump projects a sense of chaos by his constant Tweets and the unpredictable nature of his words.



But it is important to separate *Trump Policy* from *Trump Personality*. So much of what President Trump is attempting to change NEEDS to CHANGE! **The challenge for the rest of us is not to confuse the “personality” making the changes with the actual changes that are trying to be implemented.**

The picture with the teeter totter is meant to represent a financial market analogy.

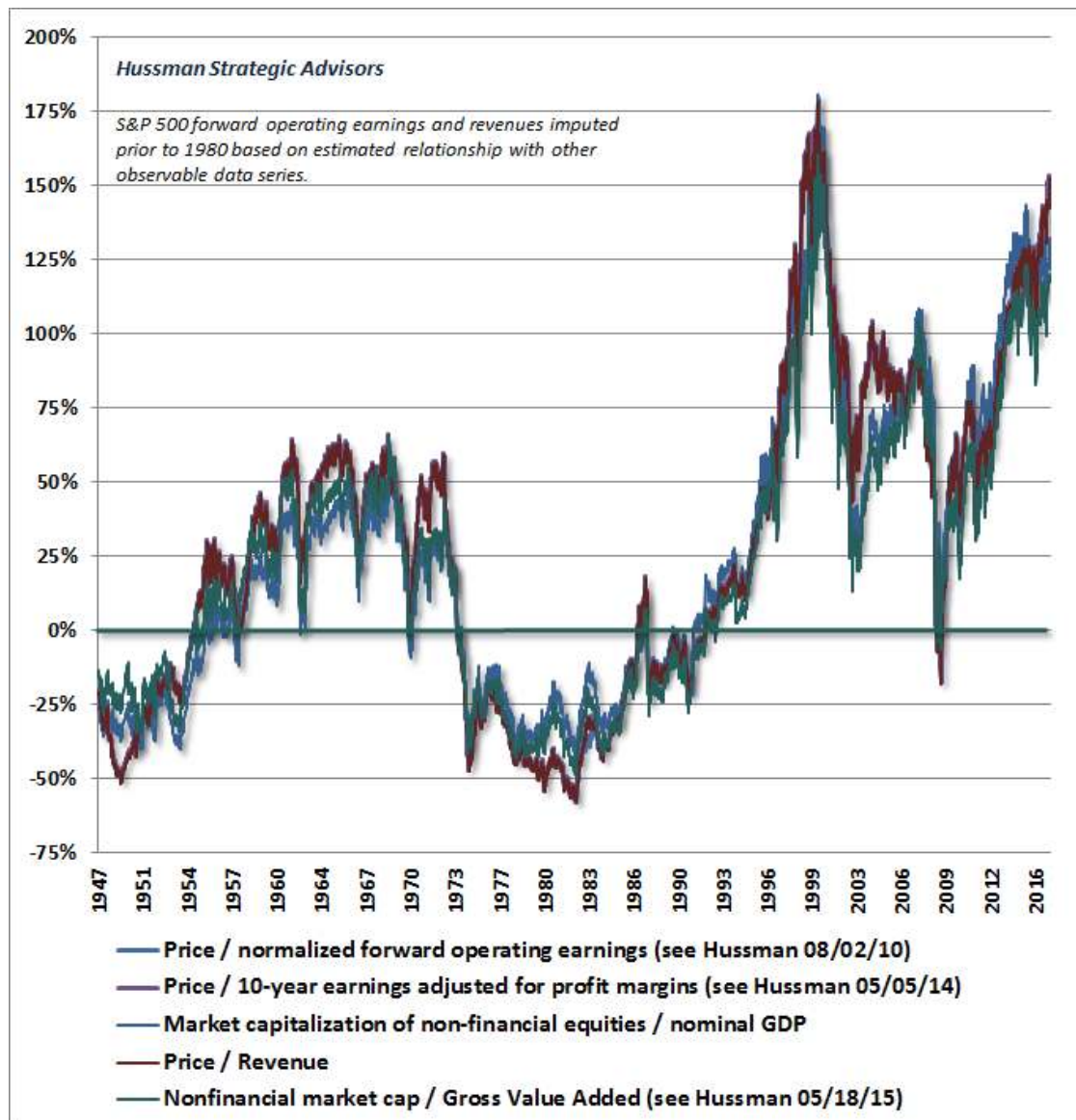
My thought is that as long as “Trump Policy” is considered more likely to accomplish its stated goals than “Trump Personality” is considered likely to cause World War III, financial assets in the U.S. will continue to do very well.

Remember that a teeter totter can change its balance if one of two things happen though:

- 1 If more weight is added to the side with the little girl hanging in the air, the teeter totter will obviously come back down to the ground. This is where I imagine Trump's mouth bites off more than it can chew and creates more of a global backlash than he considers possible.
- 2 But, also, if weight is taken off the end where the little boy is standing the teeter totter will start to gain momentum and pull the boy off the ground. This is where the Trump policies do not make the impact being hoped for by financial markets.

Therefore, we must watch financial markets carefully to see if the "Trump Policy" side of the teeter totter is being supported or is there a shift that looks like it is going to see "Trump Personality" negate the potential positives his policies could reap and markets start to retreat.

One other thought about US market valuation.



The backdrop to the teeter totter analogy are some VERY expensive financial markets.

John Hussman provides an excellent chart viewing five different methods of valuing stocks. Without trying to get too carried away with explaining what each method means I think it is fair to say the obvious visual conclusion is that stocks are not cheap!

For that reason I believe it is all the more important to continue to be vigilant in watching for the start of trouble with stock markets. The trend is for higher prices. Let's keep following the trend until the trend changes.

Gold/Oil Update

Gold and Oil stocks are not trending positively right now. Gold bullion and crude oil look better than the underlying gold and oil companies.

Why I choose to mention them today is twofold:

1. I have a hunch that the stocks will follow the commodities higher as time goes on.
2. In the TEAM models that I trade I am thinking we may get an opportunity to look at these two classes of companies when the S&P 500 and TSX Comp give us a signal to sell half of our positions.

Over the weekend I was trying to imagine when there was a time when the level of political uncertainty was as high as it is at present AND stock markets were making new highs at the same time. I could not think of one...so if you can think of a time like the present feel free to email me with your example!

Not that any of this matters to the TEAM modeling. As long as stock indexes keep going higher, the TEAM model will stay BULLISH.

But my thinking is that when the stock market trend finally ends there is going to be an opportunity in some other "undervalued" asset class.

My goal is to find that specific BULL market for cash the next time TEAM offers up a SELL signal.

Wealth Management in Nanaimo, B.C., Canada. He has been managing money since 1988.

Securities or investment strategies mentioned in this newsletter may not be suitable for all investors or portfolios. The information contained in this newsletter is not intended as a recommendation directed to a particular investor or class of investors and is not intended as a recommendation in view of the particular circumstances of a specific investor, class of investors or a specific portfolio. You should not take any action with respect to any securities or investment strategy mentioned in this newsletter without first consulting your own investment advisor in order to ascertain whether the securities or investment strategy mentioned are suitable in your particular circumstances. This information is not a substitute for obtaining professional advice from your Investment Advisor. The commentary, opinions and conclusions, if any, included in this newsletter represent the personal and subjective view of the investment advisor who is not employed as an analyst and do not purport to represent the views of RBC Dominion Securities Inc. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or

the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member—Canadian Investor.