Finance for Life™

Achieving Financial Success™

Finance for Life. Wealth for Living.™

CANFIN FINANCIAL GROUP

Investment Planning
Insurance Planning
Mortgage Planning

Tax Planning
Financial Planning
Estate Planning

Canfin Financial Group, Client Services Dept.
680 Rexdale Blvd., Suite 26,
Toronto, ON M9W 0B5
For immediate service, contact your Canfin Advisor or,
Tel. 1-877-4-CANFIN
Fax. 905-829-0052
email: clientservices@canfin.com
web: www.canfin.com

Mutual Funds, GICs & Fee for Service Financial Planning provided through CANFIN Magellan Investments Inc.
Insurance products provided through CANFIN Capital Group Inc.

Please do not hesitate to contact your advisor for a Confidential Financial Review.

Taking the LONG-TERM VIEW

Consider these ten points when planning your investments. Understand the influence of business and market cycles.

Long-term investors understand that markets are cyclic

You have probably heard the term "bull market" with reference to a rising market and "bear market" with regard to a falling market. These primary trends are most obvious because they correlate to the business cycles of expansion and retraction.

Bullish trend The economy's expanding boom and retracting bust cycles recur, on average, every 4 to 7 years. The rising price of stocks during a bull market can occur over a period of three or more years. Bull markets generally precede and give impetus to an economy's robust period of business growth. Such was the bull market of 2014 when many companies and stock exchanges broke through their 52 week highs and some, their record highs. On June 4, 2014, Canada's main S&P/ TSX stock index reached its highest level since June 2008.

Source: Yahoo Finance

Bearish trend The bear market's period lasts on average just over a year. This is when share prices can go lower and may be followed typically by economic downturn. Don't confuse this with a correction when investors reallocate sectors and/or

Continued on page 2...

Continued from page 1...

investments. A correction of 10% is normal over a long bull run. The upside is that both bear markets and corrections present buying opportunities when fund prices are lower.

The "buy and hold" fund investor understands that business cycles and related stock market trends are quite normal. Even during the booming bull phase, a fund's unit price can drop slightly if there is a stock market correction. The fund's unit price can also rise remarkably during a stock market rally, right after a period when the market is bearish.

Here are some important questions to ask when planning to make an investment:

1. Can my money be tied up for periods of four or more years?
2. What are my retirement needs and how long do I have before I need to draw an income?
3. Is capital growth on investment a priority?
4. Do I want to receive dividends on my equity fund?
5. Do I have the patience to stay invested when the market drops?
6. How important is the security of my capital? Do I fear short-term loss?
7. Is the investment fund a proven performer over longer periods of time such as over five or ten years?
8. Does the fund hold equities issued by larger, successful companies with a value-oriented investment style? These, such as Canadian bank stocks, tend to perform well over longer protracted periods.
9. Does the fund hold equities issued by companies investing primarily for aggressive growth? These may experience more of a pullback in a correction.
10. Do I acknowledge that market fluctuations are normal?

Freed from financial media chaos

What the sub-prime financial crisis has taught us is that traditional economic indicators are poor predictors of a stock market trend. One of those indicators is the news. It will increase emotional reactions among investors but it will not predict stock market trends.

This “street booyah” is what investment fund investors need to steer clear of. If an investor is overly influenced by the news media, causing emotional swings, fear can set in, resulting in bad decisions. Media gets bits of news out quickly, but misses the overall big picture, that markets will rise and fall. Markets can go down, and back up in two or three day periods appearing as a roller coaster ride to the average investor.

Investment fund management side-steps the psychological chaos

Professional analysts are trained to look at trends in the markets and can allocate proper buying and selling of an investment fund's securities. News stories are always one step behind the market, never ahead of it. Media is as fickle as the wind, securing information that is changeable over the span of often only a few minutes.

That's the way media works, and few investors can trade investment funds based on shifting theories that the news delivers from day to day. That is precisely why we need investment fund managers to help repair investment portfolios and build our wealth back to the highest possible potential again. They can mitigate the fact that the markets respond to psychological movements of the masses who are touched by the media.

They will daily employ technical analytics such as Elliott Wave Theory, SMA, EMA, Money Flow Index, MACD, Relative Strength Index (RSI), and trade volume. Since we face a tough economy, most Canadians will need some experienced professionals to help us restore our wealth and achieve financial success.