

Investment Strategy and Objectives

Outcome Wealth Management manages portfolios comprised of large, liquid ETFs. Our strategies are designed to provide efficient global diversification, offer better protection in bear markets, and deliver higher long-term returns.

Global Overview

U.S. stocks (SPY) continued higher, with the S&P 500 Index up 0.6% in June and 9.2% on the year. Notable in June was the leadership transition away from technology (down -2.3%) to “we-just-passed-the-stress-test” financials (+6.5%).

Canadian stocks (XIU) continued to be uninspiring, with the TSX Total Return Index dropping 1.2% in June and now up a mere 0.4% on the year with oil prices failing to stage a rebound and bank stocks trading sideways. The recent, hawkish tone from the Bank of Canada spurred the C\$ to a 3.8% appreciation vs. the USD.

European stocks (IEV) took a breather, down a modest 0.5% but still up 16.3% for the year.

Japanese stocks (EWJ) are now up 10.5% on the year following a 1.3% gain in June, with continued global reflation, higher earnings forecasts and a slightly weaker yen all providing support.

Emerging market stocks (EEM) continued to improve, rising nearly 1% on the month and now up 18.8% on the year. Despite continued anxiety about China’s economy, it is now up 25% on the year, while Korea, Taiwan, India and Mexico are all up 20% + for the year (in \$USD terms).

Interest rates globally moved decidedly higher during the month on the back of continued improvement in global growth and the prospect of less accommodation from central banks. Bond weakness was most notable in Canada (10 year yields + 0.34%), with July 12 now in play for a possible rate hike.

ETF Dashboard

| Symbol | Geography | Asset Class | May | YTD | 1 Year | 3 Year | 5 Year |
|--------|------------------|---------------------------------------|------|------|--------|--------|--------|
| XIU | Canada | Stocks | -1.2 | 0.4 | 12.1 | 3.7 | 8.8 |
| SPY | U.S. | Stocks | 0.6 | 9.2 | 17.6 | 9.2 | 14.0 |
| VNQ | U.S. | REITs | 2.2 | 2.5 | -2 | 7.7 | 8.6 |
| PFF | U.S. | Preferred Shares | 0.8 | 7.8 | 3.7 | 4.9 | 5.5 |
| HYG | U.S. | High Yield Corporate Bonds | 0.1 | 4.3 | 9.6 | 2.5 | 4.5 |
| SJNK | U.S. | Short Term High Yield Corporate Bonds | -0.1 | 3.5 | 9.6 | 1.7 | 3.7 |
| LQD | U.S. | Inv. Grade Corporate Bonds | 0.5 | 4.2 | 1.3 | 3.5 | 3.7 |
| SDY | U.S. | High Dividend Stocks | 0.7 | 5 | 9.3 | 9.3 | 13.5 |
| TLT | U.S. | Long Term Treasuries | 0.8 | 6.1 | -7.7 | 5.8 | 2.4 |
| VCSH | U.S. | Short Term Inv. Grade Corporate Bonds | 0 | 1.7 | 1.1 | 1.9 | 2.2 |
| IEV | Europe | Stocks | -0.5 | 16.3 | 20.2 | -0.6 | 8.4 |
| RWX | International | REITs | -1.7 | 7.2 | -0.3 | -0.5 | 5.6 |
| EWJ | Japan | Stocks | 1.3 | 10.5 | 18.7 | 5 | 8.7 |
| EEM | Emerging Markets | Stocks | 0.9 | 18.8 | 22.2 | 0.3 | 2.9 |
| EMB | Emerging Markets | Sovereign Bonds | -0.7 | 5.8 | 4 | 4.1 | 4.1 |

Global Tactical Asset Allocation (GTAA) Strategies¹

| | | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | YTD |
|------------------|------|-----|-----|-----|-----|-------|--------|-----|-----|-----|-----|-----|-----|-------|
| GTAA Growth 100 | 2017 | - | - | - | - | 1.63% | -0.09% | - | - | - | - | - | - | 1.54% |
| GTAA Income 100 | 2017 | - | - | - | - | 0.75% | -0.17% | - | - | - | - | - | - | 0.58% |
| GTAA Moderate 50 | 2017 | - | - | - | - | 0.63% | -0.12% | - | - | - | - | - | - | 0.51% |

GTAA Growth 100

Our GTAA Growth 100 strategy was 80% invested in growth assets, with Canadian stocks and U.S. REITs being sidelined for the month. The largest gainers were Japan (EWJ + 1.3%) and emerging markets (EEM + 0.9%) and the laggards were international REITs (RWX -1.7%) and emerging market bonds (EMB - 0.7%).

For July, the strategy is invested 90% in growth assets, with Canadian equities being the sole exclusion.

GTAA Income 100

Our GTAA Income 100 strategy was 67% invested in growth assets, with positive contributions led by U.S. preferred shares (PFF + 0.8%) and negative contributions led by international REITs (RWX -1.7%).

In July, the strategy increased its allocation to growth assets from 67% to 89%, with U.S. REITs (VNQ) and U.S. high dividend stocks (SDY) being added to the portfolio.

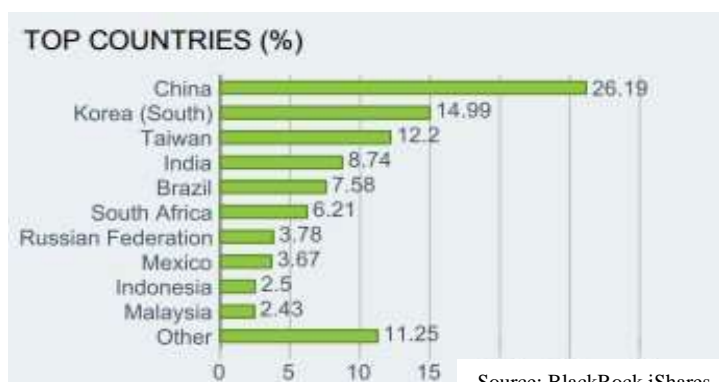
GTAA Moderate 50

Performance contributions to the GTAA Moderate 50 strategy were similar to those for the GTAA Income 100 strategy.

For July, the strategy is maintaining its 50% allocation to growth assets.

ETF Spotlight | EEM

Launched in 2003 by Blackrock, EEM offers investors exposure to large- and mid-cap companies and tracks the MSCI Emerging Markets Index.



- AUM: 32b
- YTD Return: 18%
- Average Trading Volume: 2.09b

In the News

Junk Bond ETFs are the Future - To read the article click [here](#).

Swedroe: What Fewer Stocks Mean - To read the article click [here](#).

1. Returns are gross of OWM management fees and recoverable withholding taxes on foreign dividends

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