

# **Take Advantage of the Market Using Time-Tested Strategies**

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# Before starting out

- ✓ Spend less than you earn

*“Annual income 20 pounds, annual expenditure 19 pounds 19 and 6, result happiness. Annual income 20 pounds, annual expenditure 20 pounds ought and 6, result misery.” - Charles Dickens*

- ✓ Be debt free

*“I've seen more people fail because of liquor and leverage - leverage being borrowed money.” - Warren Buffett*

- ✓ Have a rainy day fund

*T-Bills ~0.4% Savings ~0.8%*

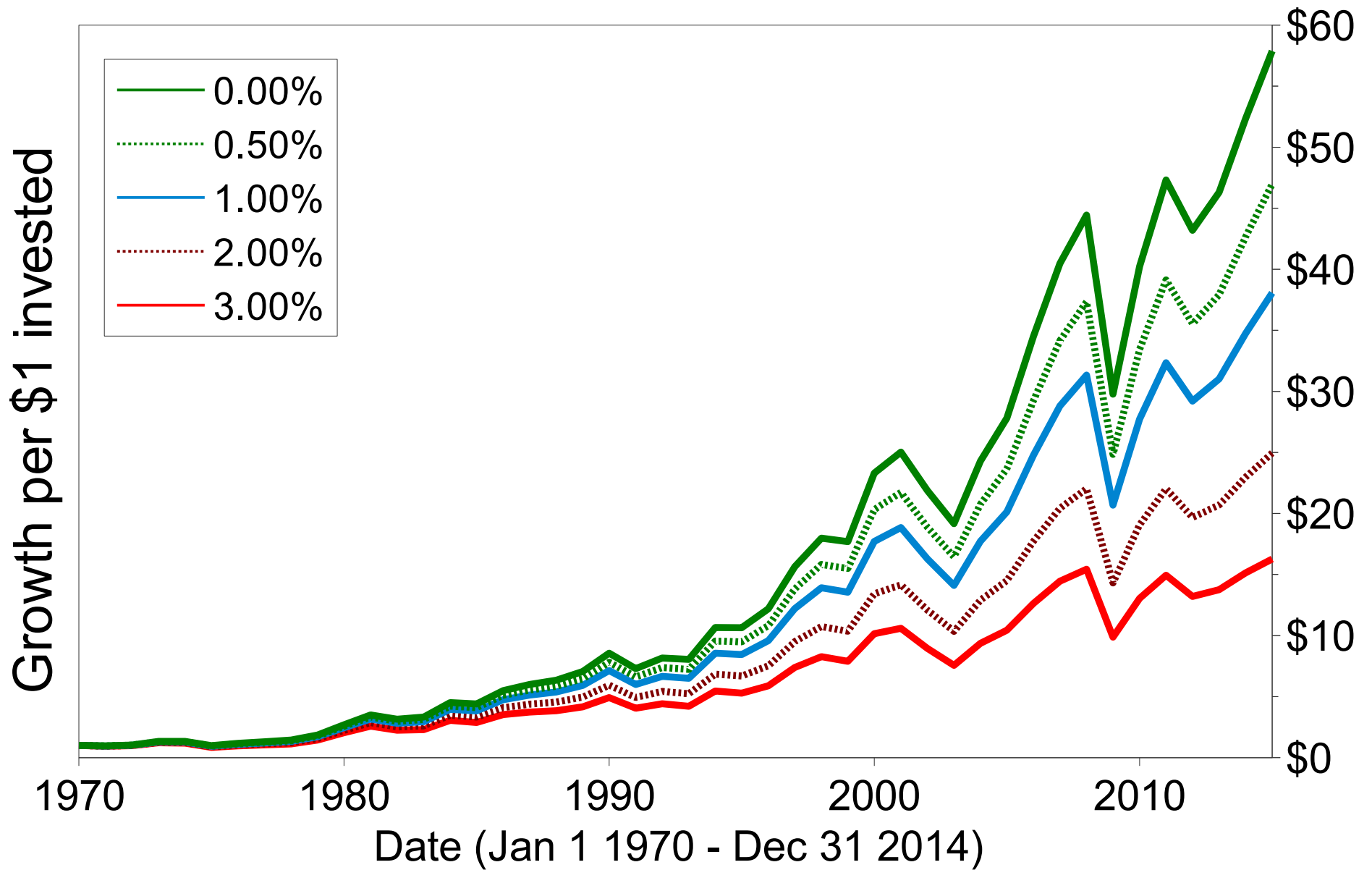
- x Plan for large ticket items

- x Insurance

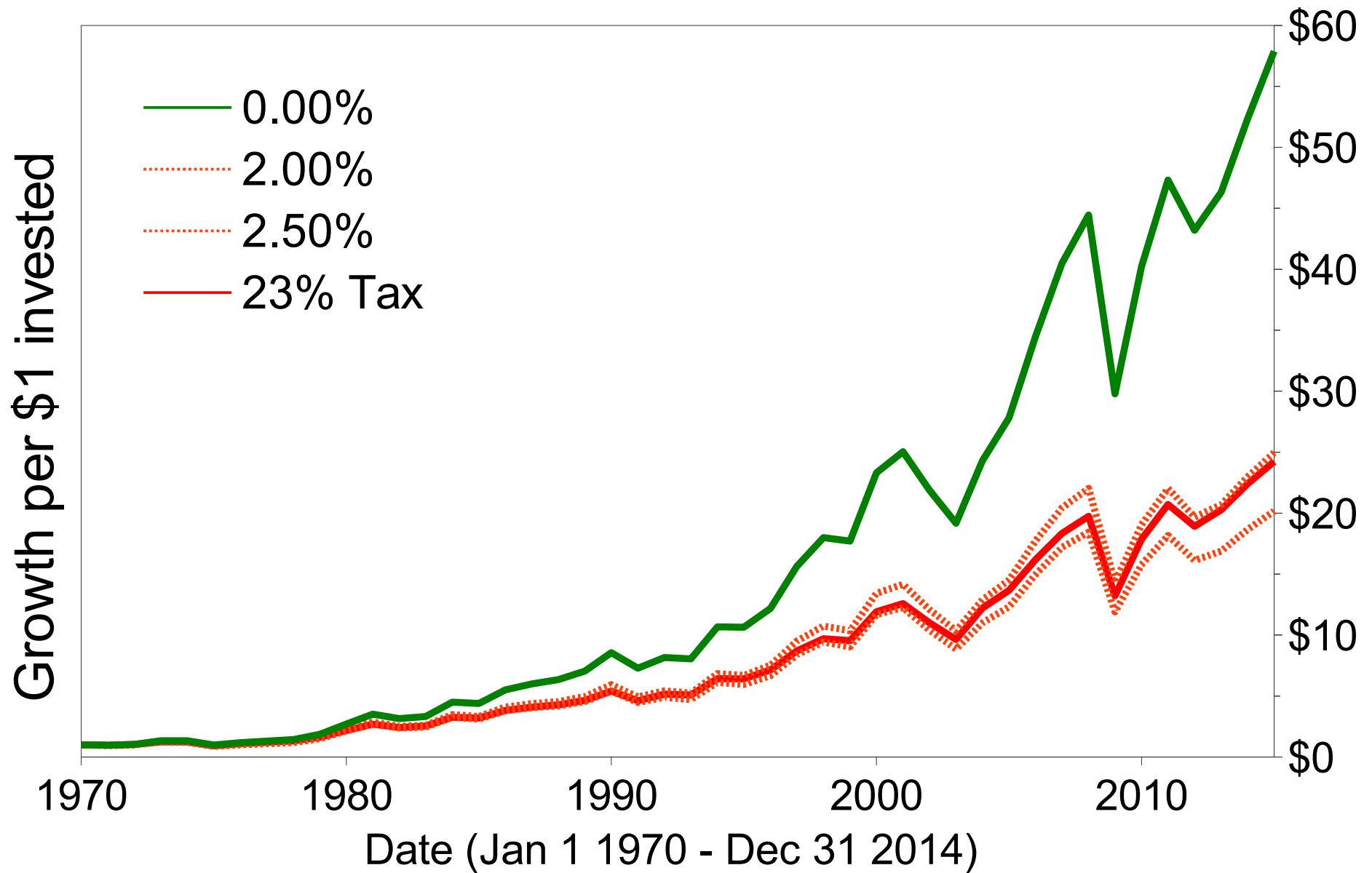
# Return Vampires

- x Fees
- x Taxes
- x Inflation
- x Behaviour
- x Valuation

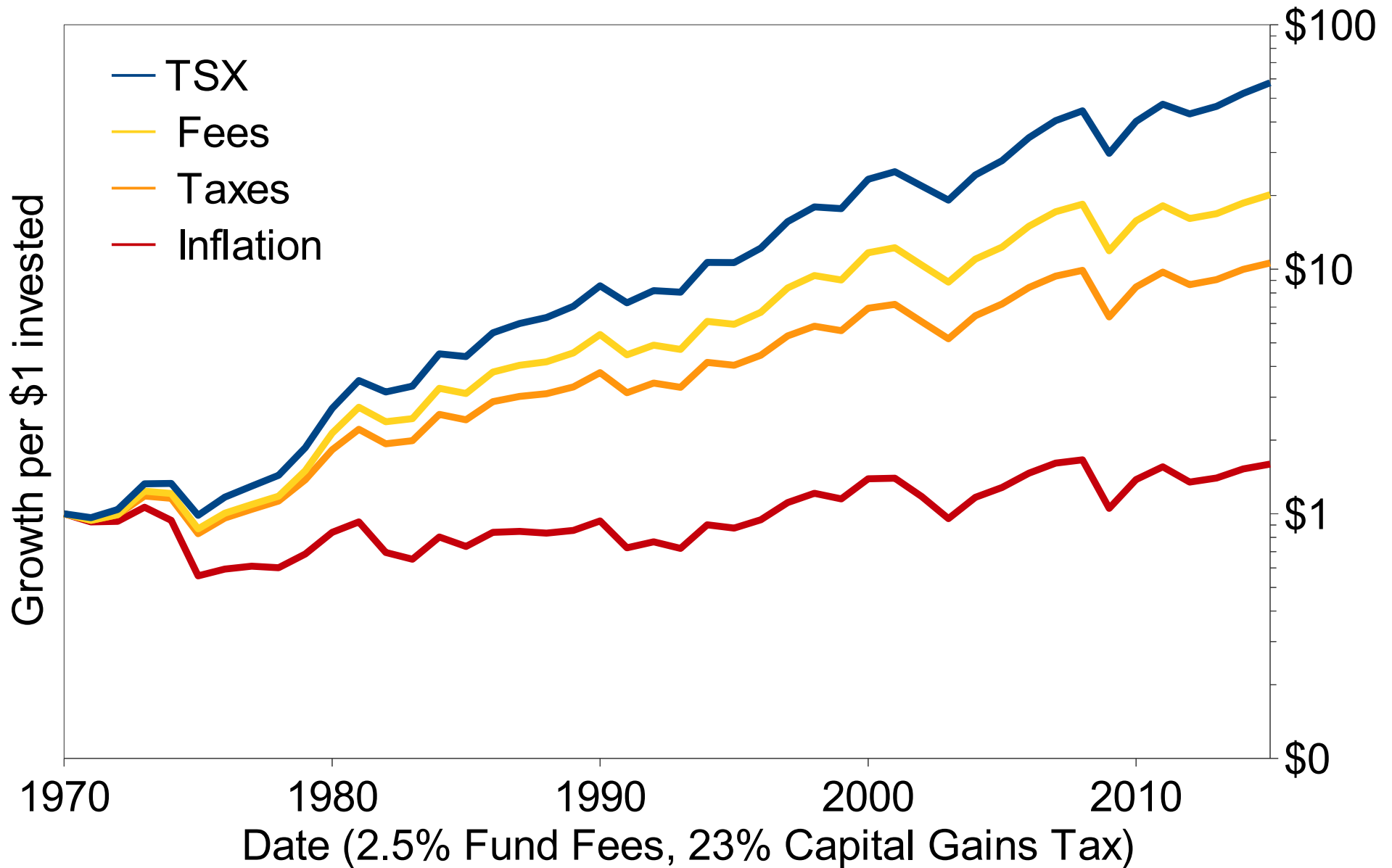
# Fee Drain



# Taxing Gains



# Deflating Returns



# Minimizing Regret

	Performance Each Year (%)									
Mawer	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14
Bond	5.3	2.9	3.1	5.9	4.1	6.2	8.9	3.3	-2.2	7.8
Equity	20.6	13.9	11.5	-29.7	29.5	13.7	1.9	12.7	25.4	15.8
New Cda	18.0	15.3	16.6	-38.4	51.2	23.9	1.1	16.4	49.4	12.2
U.S.	-3.3	14.7	-8.1	-14.3	2.4	5.8	4.4	12.0	41.8	20.9
Int'l	13.7	32.0	-2.4	-32.2	24.9	8.4	-7.5	19.5	22.6	9.1
Global Sm				-30.0	39.7	16.3	0.3	29.5	47.0	12.1
Balanced	10.3	13.9	2.9	-16.1	16.4	9.8	2.9	11.4	20.2	12.1

# Balanced Funds

Low-cost easy-to-hold portfolios

Fund Name	Fee	Bonds/Stocks	Style
Mawer Balanced	0.96%	40%/60%	Active
Mawer TE Balanced	0.98%	40%/60%	Active
Steadyhand Founders	0.69%-1.34%	45%/55%	Active
TD Balanced Index (I)	0.90%	50%/50%	Index
CIBC Balanced Index Premium	0.39%*	43%/57%	Index



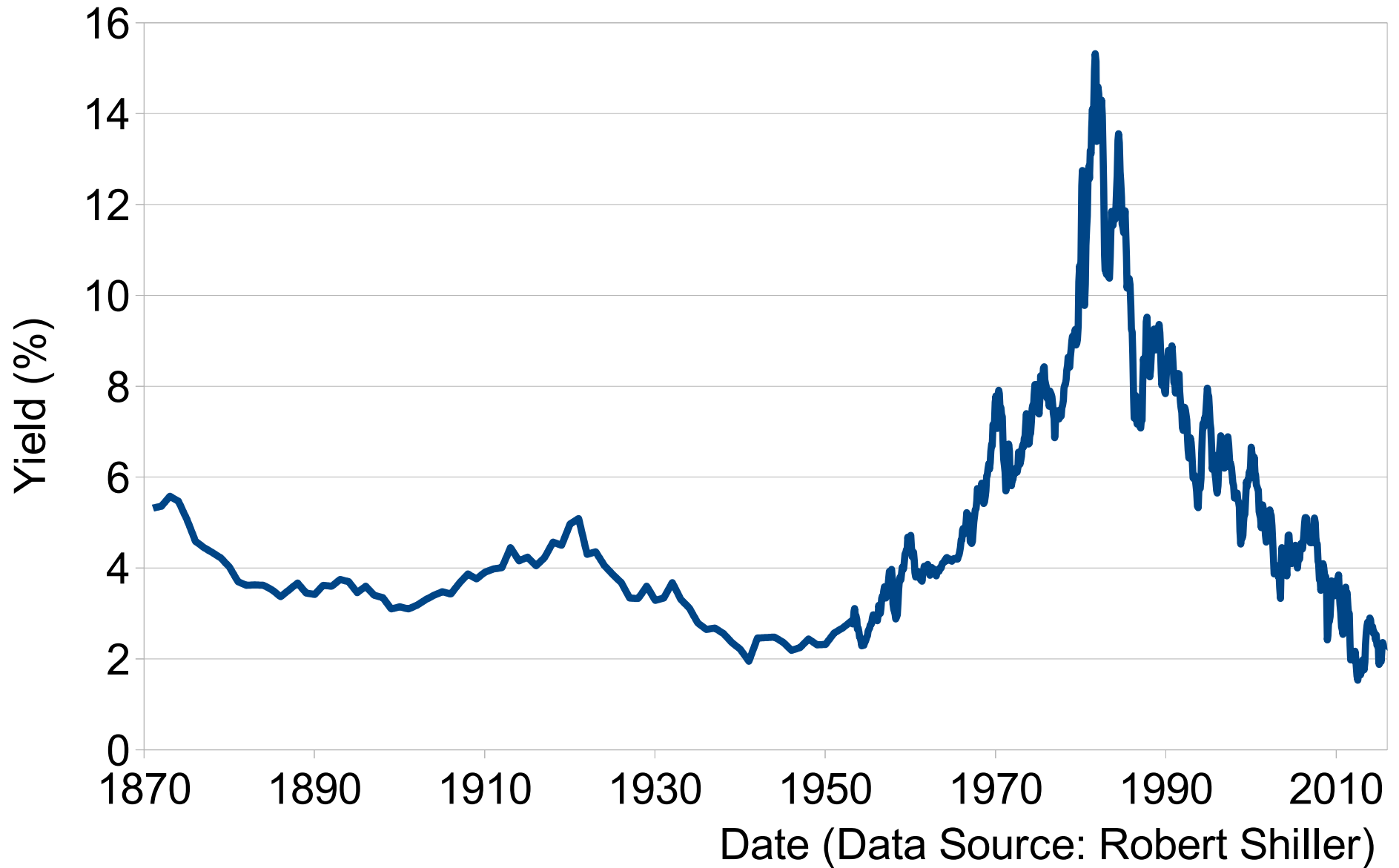
# Index Investing

Simple very-low-cost portfolios

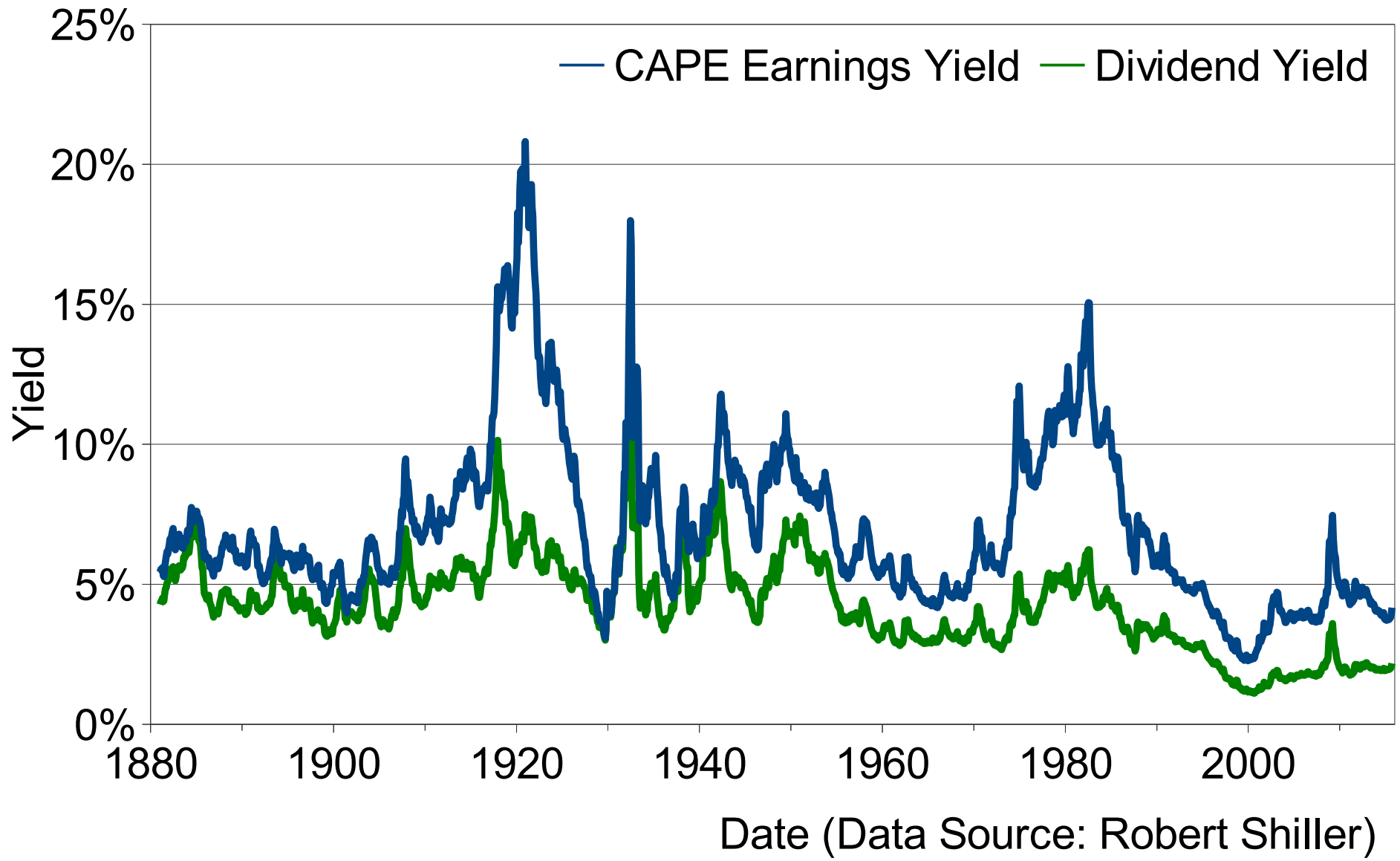
ETF Name	Fee (~)	Weight
Vanguard Canadian Aggregate Bond (T:VAB)	0.14%	40%
Vanguard Total World Stock (N:VT)	0.17%	60%
	0.16%	100%

ETF Name	Fee (~)	Weight
Vanguard Canadian Aggregate Bond (T:VAB)	0.14%	40%
Vanguard FTSE All-World ex Canada (T:VXC)	0.23%	40%
Vanguard FTSE Canada (T:VCE)	0.06%	20%
	0.16%	100%

# U.S. Bond Market



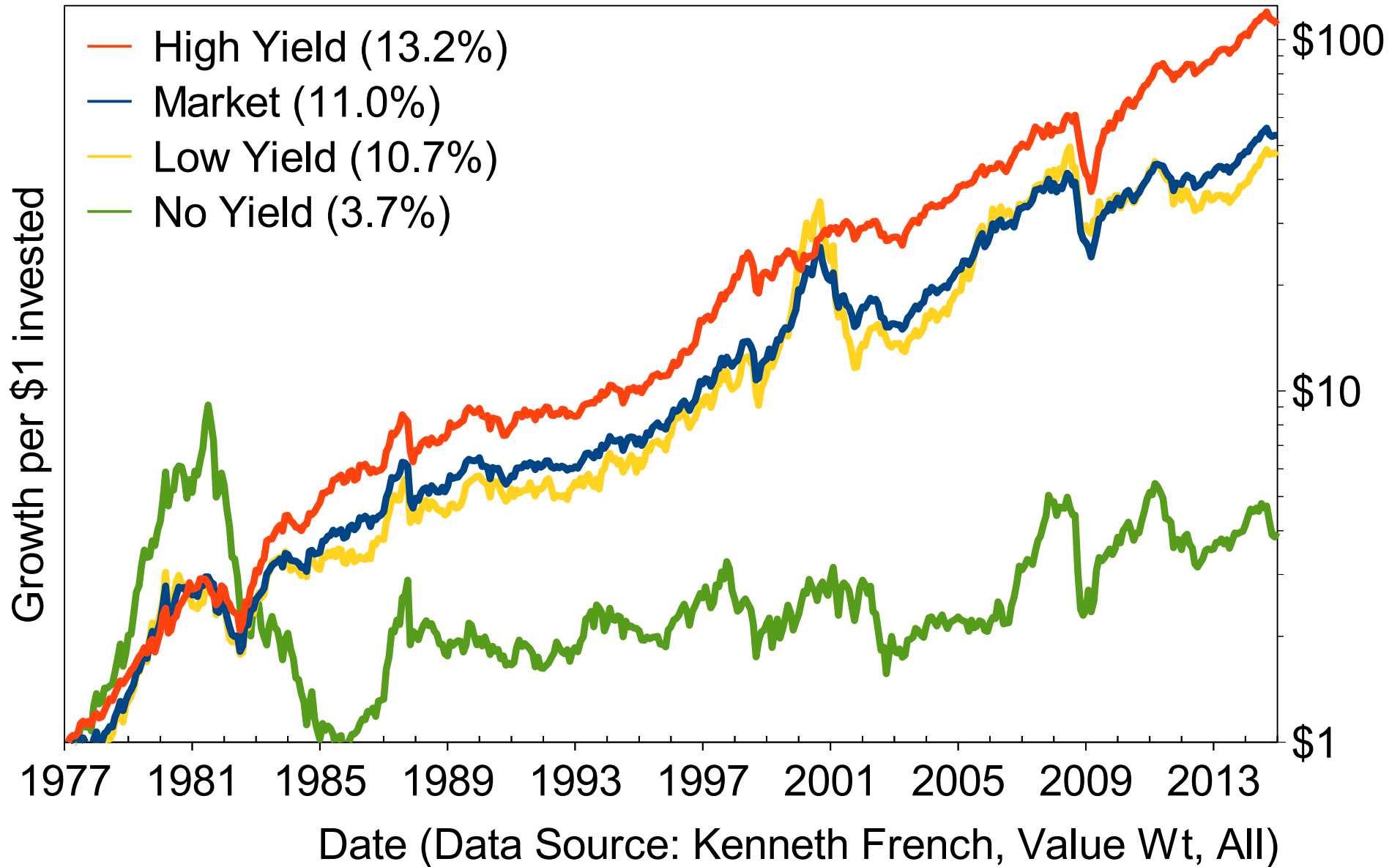
# U.S. Stock Market Valuation



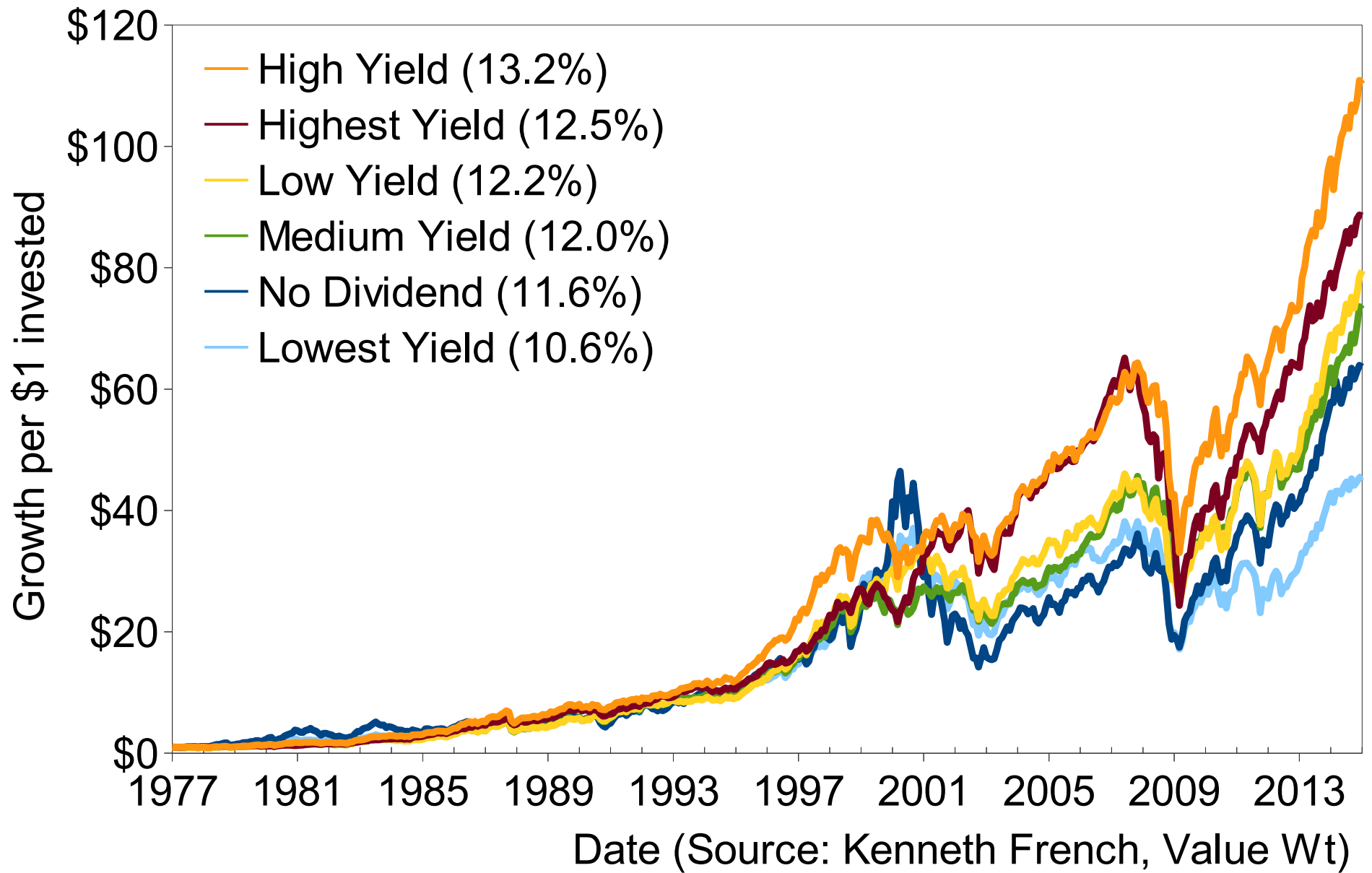
# Bogle's 10-Year Forecast Math

U.S. Stocks	Dividend Yield	2.0%
	Earnings Growth	5.0%
	P/E Change	-3.0%
		4.0%
<hr/>		
U.S. Bonds	10-Year Government	2.0%
	with Corporate	3.0%
<hr/>		
50/50 Balanced		3.5%
	Inflation	-2.0%
	Fund Costs	-2.5%
	Taxes	-1.0%
	Behaviour	-1.5%
	-3.5%	

# Canadian Dividend Advantage



# U.S. Dividend Advantage



# Dogs of the TSX

- ✓ Start with the 60 stocks in the S&P/TSX 60
- ✓ Buy the 10 top yielding stocks
- ✓ Rebalance each year

## Average Annual Returns

Period	David Stanley's Variant	Index
1987-2014	12.5%	9.9%
Outperformance	2.6 pp	

# Long-Term Dividend Stocks

## Voya Corporate Leaders Trust Fund Series B

- ✓ Started in 1935 with 30 U.S. dividend payers
- ✓ Changes due to spin-offs, mergers, or dividend cuts
- ✓ Now holds 23 U.S. dividend payers

Period	Average Annual Returns		
	Trust	S&P 500	DJIA
1971-2015	11.6%	10.6%	7.2%



# Retirement 100

- ✓ Dividend Yield
- ✓ Dividend Growth
- ✓ Earnings > Dividends
- ✓ Low Debt
- ✓ Reasonable P/B & P/E



## Average Annual Returns

Period	<u>Retirement 100</u>		<u>Market Index</u>	
	A	A or B	XDV	XIC
2007-2015	10.2%	6.6%	3.8%	2.8%
Outperformance	7.4 pp	3.8 pp	1.0 pp	

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## **Slides**

[www.ndir.com/SI/articles/talk\\_1015.pdf](http://www.ndir.com/SI/articles/talk_1015.pdf)

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