

INVESTMENT COMMENTARY

April 16, 2018

The following commentary is provided courtesy of **Richardson GMP Limited**. A link to its website is provided here: www.richardsongmp.com



The following commentary comes from **MARKET ETHOS**.

The Million Dollar Question

By: Craig Basinger, Chris Kerlow, Derek Benedet, Shane Obata

All you really need to know is whether or not there will be a recession in the next six months. Ok, that is an exaggeration but bear with us.

Since about 1950, the average monthly return for the S&P 500 is about 0.7%. That works out to a decent 7.7% on an annualized compound basis and this does not include dividends (feel free to add 1.5% - 3.0%). Add a couple points for dividends and this demonstrates the power of compounding returns over the long term. During this period there were 11 recessions of varying durations and magnitudes with the most recent ending in June 2009.

It is common knowledge that the stock market is not a fan of recessions. Lower economic activity, credit risk, multiple compression, the list of recession symptoms is long, and the vast majority are not good for equities. So much so, the vast majority of bear markets roughly line up with recessions. While there are some exceptions, this is a good and intuitive general rule.

BW: This is an excellent article complete with informative graphs and charts. I highly recommend reading the complete article, which you can do [HERE](#).

See the **DISCLAIMERS** on the following page.

Charts are sourced to Bloomberg unless otherwise noted.

RICHARDSON GMP DISCLAIMER

This material is provided for general information and is not to be construed as an offer or solicitation for the sale or purchase of securities mentioned herein. Past performance may not be repeated. Every effort has been made to compile this material from reliable sources however no warranty can be made as to its accuracy or completeness. Before acting on any of the above, please seek individual financial advice based on your personal circumstances. However, neither the author nor Richardson GMP Limited makes any representation or warranty, expressed or implied, in respect thereof, or takes any responsibility for any errors or omissions which may be contained herein or accepts any liability whatsoever for any loss arising from any use or reliance on this report or its contents. Richardson GMP Limited is a member of Canadian Investor Protection Fund.

Richardson is a trade-mark of James Richardson & Sons, Limited. GMP is a registered trade-mark of GMP Securities L.P. Both are used under license by Richardson GMP Limited.

***e*RESEARCH DISCLAIMER**

***e*Research Disclosure Statement**

*e*Research Corporation was established in 2000 as Canada's first equity issuer-sponsored research organization. As a primary source for professional investment research, its Subscribers (subscription is free!!!) benefit by having written research on a variety of small- and mid-cap, under-covered companies.

*e*Research also provides unsponsored research reports on middle and larger-sized companies, using a combination of fundamental and technical analysis.

*e*Research complements its corporate research coverage with a diversified selection of informative, insightful, and thought-provoking research publications from a wide variety of investment professionals.

*e*Research provides its professional investment research and analysis directly to its extensive subscriber network of discerning investors, and electronically through its website: www.eResearch.ca.

*e*Research does not manage money or trade with the general public, provides full disclosure of all fee arrangements, and adheres to the strict application of its Best Practices Guidelines.