



# INNOVA

# Market Insights



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## Issue #33 - “Year in Review”

### Interesting Links from Around the Web

Finance : [The Baseball-Card Bubble](#) : The Economist  
Tech : [The Tech that will Change your life in 2015](#) : WSJ  
LookUp : [Inspirational Video of 2014](#) : YouTube

### 2014 – Year in Review

#### *In the News*

Despite having the makings of what could have been a truly frightful year, 2014 proved to be a fairly calm year for investors with most markets around the world gaining ground. The potential reigniting of the Cold War in Ukraine, a new threat in ISIS in Syria & Iraq, renewed tensions in Gaza, fears of an Ebola outbreak in West Africa, missing airliners in Asia, the potential break-up of Great Britain and plummeting oil prices were all taken in stride as the US stock markets rewarded diversified investors.

The tech-heavy NASDAQ led the way by advancing 13.4% benefitting from the buzz generated by the initial public offering of Alibaba, China’s Amazon.com, while commodity producers dragged down the world’s most prominent index, the DOW, which nonetheless posted healthy gains of 7.5%.

Cross-border investors doubled-down on these gains as the Canadian Dollar shed 8.6% of its value against the greenback, rewarding portfolios with holdings in the US. Despite oil prices and natural gas falling some 45.9% and 33.8% respectively, the TSX still managed to advance 7.4% for the year thanks to strong performance in consumer staples, technology and health care stocks.

Employment in both Canada and the US was strong, with unemployment dropping to pre-recession rates on the backs of growing consumer confidence, while inflationary pressures began to creep into the Canadian marketplace as the weakening loonie made imports more costly to consumers.

A very different narrative emerged from the world’s other large economies as Europe and Japan both felt the sting of pre-emptive financial austerity that slammed the breaks on any momentum their respective economies were accumulating. Similarly, mismanagement in emerging markets, highlighted by yet another sovereign default in Argentina, led to underperformance in those markets: none more so than in Russia where the financial sector has been decimated by Western sanctions over its aggressions in Ukraine. Combined with the precipitous drop in oil prices, the Russian ruble shed almost 40% of its value against the \$USD in 2014 which will undoubtedly lead to economic contraction and further turmoil in Putin’s Russia.

#### *Your investments*

Our core holdings continued to deliver excellent growth in our target portfolios that produced above-target rates of return, in large part due to over-exposure to the US market and under-exposure to Oil & Gas producers. Our on-going strategy of reducing risk by tactically moving assets between stocks, bonds and cash largely insulated us from the sharp pull-back in stock prices in the last quarter of the year.

A more detailed performance breakdown of our top funds can be found on the next page.

#### *Our firm*

As a business, copyright litigation forced a name change from Integra to Innova Wealth Builders, but did not dampen our spirits or growth achievements for the year. Our total assets under administration grew by more than 20%, fueled once again by another record-breaking year for referrals (THANK YOU!!!!). Never resting on our laurels, we focused our attention inwards to improve the manner in which we do business by investing heavily in technology throughout 2013 and 2014, the fruits of which are now visible on our improved client statements, back-end systems and financial planning & best-practice software.



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To show our appreciation, we put on two wine tasting events, a golf tournament and a night at the theatre for clients as well as sponsoring a charity event that raised more than \$40,000 for the Northern Cancer Research Foundation.

#### *Looking forward to 2015!*

A series of new initiatives, products and services focused on providing you with unmatched service are all in the pipeline, promising to make 2015 an exciting year for Innova Wealth and its clients. We hope to unveil this to you before the summer of this year.

We remain cautiously optimistic with regards to the markets believing that our portfolio will be able to withstand sector specific drops in stocks. Nonetheless, we believe that the markets are ripe for an investor gut-check that could see a rapid, and in our opinion – healthy, correction on the US stock market. We believe that a modest interest rate hike in 2015 is likely and although it may produce short-term pains, will ultimately be necessary to fuel the next bull market. As we stated in last year's Year in Review, we feel comfortable with current valuation of the \$CAD at 85 cents, though we expect higher volatility throughout the year.

As always, we are dedicated to providing you and your family with assistance on all matters financial, so please do not hesitate to contact us as we would be happy to help!

#### Individual Accounts

Fund Name	Category	Risk Level	2014	2013	1-Month	3-Month	6-Month	3-Year	5-Year	10-Year	Inception
<a href="#">TD Monthly Income</a>	Cdn Balanced	Low-Medium	<b>9.93%</b>	8.94%	-0.85%	0.99%	1.99%	9.12%	8.13%	6.77%	7.77%
<a href="#">CI Signature High Income/Diver. Yield</a>	Diversified	Low-Medium	<b>8.57%</b>	8.64%	-0.33%	0.60%	1.05%	9.59%	9.72%	7.34%	8.64%
<a href="#">CI Global Leaders Balanced</a>	Global Balanced	Medium	<b>2.68%</b>	25.42%	-1.70%	1.45%	-1.63%	16.21%	9.11%	No data	5.99%
<a href="#">TD Global Low Volatility</a>	Global Balanced	Medium	<b>14.01%</b>	24.60%	-0.42%	4.74%	6.46%	15.07%	No data	No data	16.6%
<a href="#">CI Select Income Fund</a>	Cdn Bond	Low	<b>5.86%</b>	4.12%	-0.15%	1.26%	2.01%	5.72%	No data	No data	4.45%
<a href="#">Edgepoint Global Growth &amp; Income</a>	Global Growth	Medium-High	<b>13.91%</b>	32.4%	0.44%	6.40%	8.17%	18.02%	12.28%	No data	16.12%

#### Group Plans

Fund Name	Category	Risk Level	2014	2013	1-Month	3-Month	6-Month	3-Year	5-Year	10-Year	Inception
<a href="#">DynamicEdge Balanced</a>	Global Balanced	Low-Medium	<b>6.19%</b>	12.96%	-0.77%	1.66%	2.75%	6.19%	8.33%	No data	7.77%
<a href="#">Mackenzie Symmetry Balanced</a>	Global Balanced	Low-Medium	<b>6.92%</b>	11.83%	-0.35%	1.21%	1.84%	8.96%	6.63%	No data	8.64%