

# The Strategist

A Quarterly Report for Friends, Clients and Associates of Chris Raper



**Chris Raper & Associates** caters to the entrepreneurially-minded. We start by seeing the world as you see it – the things you want to do, the things you want to have, the legacy you want to leave. Our mission is to keep your most challenging financial decisions consistent with those goals. The result we seek is appreciative clients who are increasingly confident about their futures.

**The Dividend Value Discipline™**, our core investment program, was founded in September of 2002, with the three-fold objectives of income every month, buying only those securities which become attractive on a go-forward basis, and an 8% net return each and every year. You will find the process innovative, rational and refreshingly transparent. Our fees are **“asset-based”**. Our research is **“in-house”**. **We own what our clients own.**

Our services will appeal to people who want to be involved from a **“big picture”** perspective and are prepared to delegate the day-to-day responsibilities.

New clients come almost exclusively by way of introduction from our existing great clients. Generally speaking, they will have in excess of \$1.0 million in investible assets or a credible plan to get there.

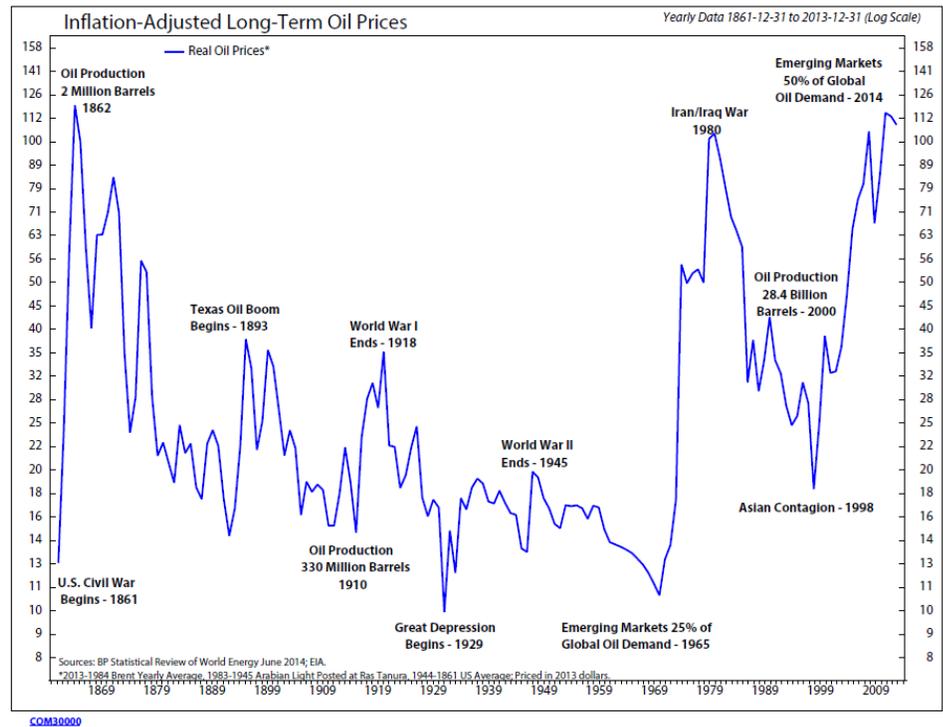
You can find a profile of our people and our processes at [www.chrisraper.com](http://www.chrisraper.com).

**Chris Raper & Associates – the most proactive wealth advisory team on Planet Earth!**

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## \$50 Oil Is Cheap Oil...Right?

Only if you gather your perspective in years as opposed to decades! The chart below reflects oil prices in inflation adjusted terms from the mid-1800s to present day.



The inescapable conclusion is that \$50 US per barrel is not cheap oil. In fact, the average price over the noted time frame is ~\$33 US per barrel...and that is not a misprint. This has obvious implications for Canadian investors.

Please understand that I am not saying we are going to hit \$30 oil. That said, I am open to that possibility, and therein lies the key – and the danger. Far too many investors are locked into the thinking that \$50 oil is an absolute bargain, ergo so are oil stocks and by extension Canadian equities as a whole. I'm not so sure, and thus we further trimmed our energy exposure during the rally on Monday, February 2<sup>nd</sup>. Why? Because I know that previous oil collapses have easily outlasted investors, and this collapse is only seven months old. Compare the peak in 1980 to the bottom of 1999 – a period of 19 years! Even if the price of oil were to recover, it is not a given that oil producers will follow along in lockstep; during the 2009 recovery, *every single* large cap energy stock underperformed the rebound in oil. Like a child that has just burnt their hand on a hot stove, investors need time to heal.

**But Chris, demand has been rising with the cheaper prices, and every day we incinerate over 90 million barrels of the stuff. In addition, shale decline rates are much higher than conventional oilfields. So this cycle has to be shorter, right?**

All true, so I'll give you a “maybe”. Countering, we should recognize that the horizontal drilling/fracking technologies have made vast resources available to us that we just couldn't tap at virtually any price 10 years ago. My take is yes, it is different this time, but the way investors react will not change in any significant way. Accordingly, we are underweight in energy exposure - currently a whopping 3% - and we expect to remain that way until the evidence suggests that further exposure is warranted. I expect that to be measured in years as opposed to months.

## Financial Literacy Rocks - Coming to Victoria!

Do you have a son, daughter, niece, nephew or grandchild that could benefit from Financial Literacy information? What if they could learn this information in a fun and exciting way?

The Victoria office of Raymond James Ltd. is very excited to be sponsoring a 'Financial Literacy Rocks' concert at the Alix Goolden Performance Hall on Monday, February 23rd. This show has been very popular in the US, and we are very excited to be bringing it to Canada for the first time ever. This non-profit event is presented by the band GOODING and Funding the Future, a non-profit organization dedicated to raising the level of financial literacy in youth. GOODING presents lessons of finance and discipline in a way that teenagers can relate to, using personal life lessons and examples that speak to their age group. This powerful financial presentation is followed up with a performance by GOODING and a Q&A period after the show.

**RAYMOND JAMES**

**FEATURING THE BAND, GOODING**



**Financial Literacy Rocks with GOODING explains:**

- The pitfalls of predatory lending
- How to create a financial saving and investment game plan
- That overnight success is a myth
- How to manage expenses
- Lessons learned from a Rock Band Life

**The non-profit organization "Funding The Future" knows that the path to success starts with:**

- Following your passion
- Being self-reliant
- Education that includes mentors
- Financial Literacy



Raymond James Ltd., Member of the Canadian Investor Protection Fund

## FUNDING THE FUTURE

### FINANCIAL LITERACY ROCKS!

HELPING STUDENTS UNDERSTAND THE VALUE OF MONEY

Financial Literacy Rocks, a Funding the Future presentation, is coming to Victoria February 23rd, sponsored by investment dealer Raymond James Ltd.

The foundation for financial literacy should start at a young age, and the Financial Literacy Rocks Concert is an excellent way to make a significant impact on high school students in a fun and interactive way. The Financial Literacy Tour uses the power of a live rock performance by GOODING, and lead guitarist/vocalist Gooding's own personal story to inspire young people with lessons of finance and discipline, and to help them see their own dreams are possible.

This exciting concert, multimedia presentation and talkback session uses entertainment to educate students about financial responsibility. Its mission is to raise the level of financial literacy in Canada's youth.

Event invites have been sent to all area Senior Schools. For family and friends of Raymond James who have a youth they know would benefit from this presentation, but their school is not participating, please contact us by February 13th to reserve a seat.

#### PERFORMANCE SCHEDULE

**ALIX GOOLDEN PERFORMANCE HALL**  
Monday, February 23rd, 2015

- 11:00am – 12:30pm
- 1:30pm – 3:00pm

FOR MORE INFORMATION OR TO RESERVE SEATS FOR YOUR SON OR DAUGHTER, NIECE, NEPHEW OR GRANDCHILD, PLEASE CONTACT ANDREA ROWORTH at (250) 405-2488 or [andrea.roworth@raymondjames.ca](mailto:andrea.roworth@raymondjames.ca)

SPACE IS LIMITED AND WILL BE RESERVED ON A FIRST COME FIRST SERVED BASIS.

If you have a relative that is interested in attending, you can reserve seats for them by contacting Andrea Roworth by Friday, February 13th at 250-405-2488, or [andrea.roworth@raymondjames.ca](mailto:andrea.roworth@raymondjames.ca). Seats are available on a first come, first serve basis.

## Update on the Team



Although the Seahawks' Super Bowl loss left the energy in our office slightly subdued, there is still plenty to be excited about as we launch into 2015.

We are proud to announce that Allison gave birth to **James Andrew Jack McMillan** on Boxing Day, increasing our total Babies Under Management to 1. Needless to say, Allie is going to have her hands full as she adjusts to being a new mom while studying for her next round of CFA exams.

We also welcomed Brianna McKeage to our team as a Client Service Representative to help out while Allie is away. She joins us with a B.A. in Political Science and, like Allie, is toiling through her CFA exam prep.

Speaking of exams, Ryan recently passed his FPSC Level 1 exam, one of the prerequisites towards earning his Certified Financial Planner designation. Now that's proactive!



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