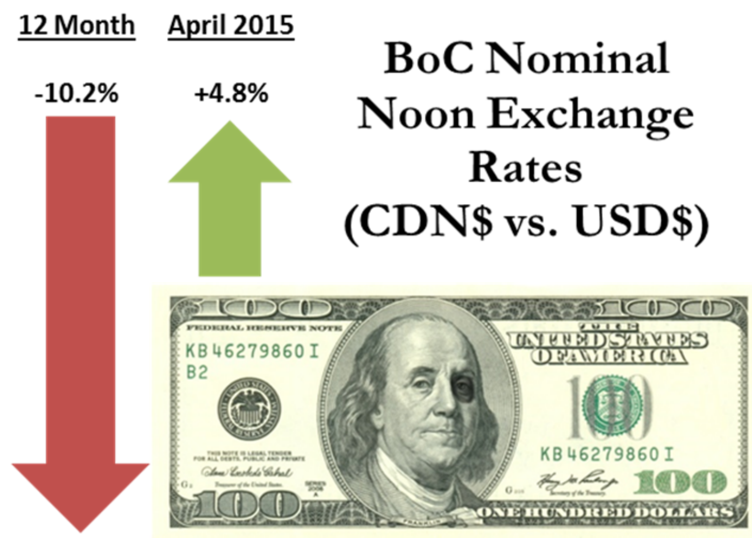
This dispatch is broadcast in nature and is intended for participants (and interested parties) of ***The Dividend Value Discipline™***.

CHRIS RAPER & ASSOCIATES | RAYMOND JAMES

The most proactive wealth advisory team on Planet Earth!

April Delivers a Black Eye

By now you have received your electronic monthly statements and you no doubt reviewed these with some trepidation. Our stellar Q1 performance of ~7% took a significant haircut through the month of April. As I write on the morning of Alberta's first NDP government, May 6 2015, most fully invested accounts are pegging in at ~3.5% on a year to date basis, which is certainly on track with our +8%, net to client, annual goal.



So what happened?
In a nutshell, the appreciation of the CDN$ worked against us last month, after providing a considerable tailwind for the past 11 months.

Where to from here?
My take is that we are still in a long-term bull market with respect to the USD$. In industry parlance, we are experiencing a contra-trend rally, which translates to: "Nothing happens in a straight line, rather in a 'two steps ahead and one step back' fashion". To put the USD$ Index into a historical perspective, the current level is at ~95 whereas it peaked at 160 back in the 1980's. I wrote about this in some detail in the November issue of ***The Strategist***, which is available here.

Chris, what if you are wrong?
I ask myself that a lot. My thinking says that the CDN$ cannot continue to climb without oil prices rising or, at minimum, holding steady at the current ~$60.00 USD level. Thus if we need a hedge against a rising loonie, then we need to buy the beaten down energy producers. The valuations today are far better than they were last fall, and if oil prices do rise, we will win on both ways, i.e. the CDN$ and the stocks. To that end, we have recently purchased an initial stake in ARC Resources Ltd. (ARX on T), after their March 31, 2015 earnings release. ARX raised equity since we owned it last fall, and that has the effect of de-risking the position and making the continuation of a dividend (currently approaching a 5% yield) much more likely. We have other names in the hopper that we will execute on (or not), depending on how the evidence develops.

Looking ahead, those of you who watch the markets closely will recognize that, notwithstanding the new high in the S&P 500 on April 27 last, the US markets have struggled to make much progress thus far this year, and Canada's TSX Composite is still down ~3% from its September 2014 high. Add in the fact that we are now in a period of seasonal weakness (November through April are historically the strongest) and you can appreciate why we have a conservative bent within **The Dividend Value Discipline™**. Fully invested accounts are ~55% in dividend paying equities and 11% in the preferred share space (bigger rent cheques), with the balance in fixed income exchange traded funds and/or cash. As bargains come our way, we intend to move towards our traditional 75% /25% split.

Yours truly,

Chris Raper, CIM, CFP
Senior Vice President | Portfolio Manager