



Over the past few days we have seen the markets around the world pull back sharply; however, we are of the opinion this is a correction in an ongoing Bull Market.

The common thought is the markets are adjusting to higher inflation expectations, which could translate into additional interest rate hikes that may come quicker than initially expected.

Coupled with worries about NAFTA and North Korea, investors have to hit the sell button on passive investments such as ETFs and mutual funds. This means they are indiscriminately selling the good companies alongside the bad ones. We believe this creates long term opportunity for our active style of investing.

Other views and facts:

- The world is in synchronized growth for the first time in a very long time. This bodes well for corporate profits and individual prosperity.
- Earnings reports are by and large exceeding expectations.
- A little bit of inflation is always welcome because the opposite (deflation) is definitely not.
- The fixed income markets appear to be relatively calm.
- Interest rates remain well below normal which continues to stimulate growth.
- Tax cuts in the U.S. put real dollars in people's and corporations pockets.
- Unemployment in North America is near multi-year lows.

In summary, we believe the market is starting to behave more normally. We should come to expect more volatility in the financial markets, which ultimately creates opportunity. Remember to stay focused on your long term investment goals and don't get caught up in all the short term media noise.

Someone once wrote, "better a correction now than a Bear Market later. Corrections are like vegetables in that sense; they don't always taste good, but they can be good for you".

On behalf of the Baker Financial Group, CIBC Wood Gundy, we continue to work hard every day to be worthy of your trust.

Most sincerely,

Bryan Baker

Jonathan Baker