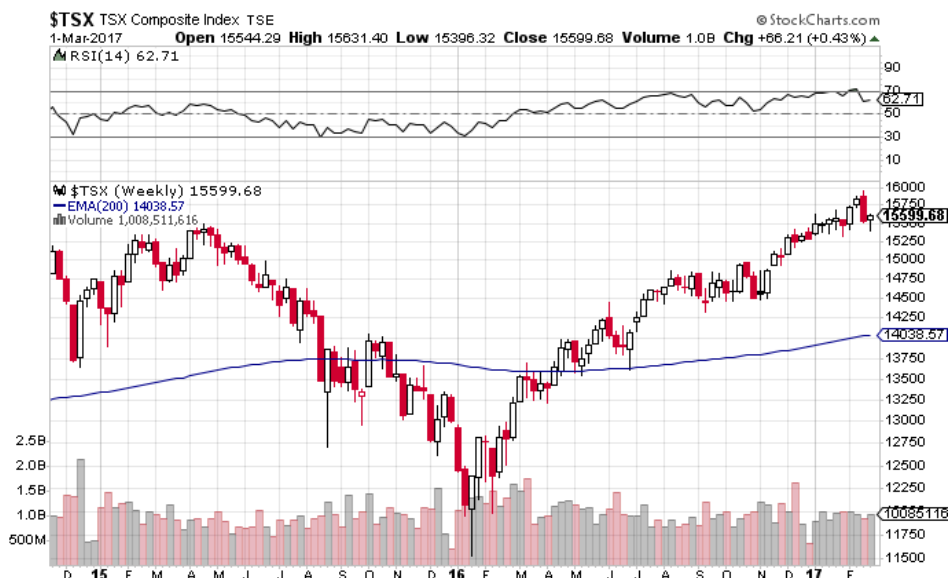


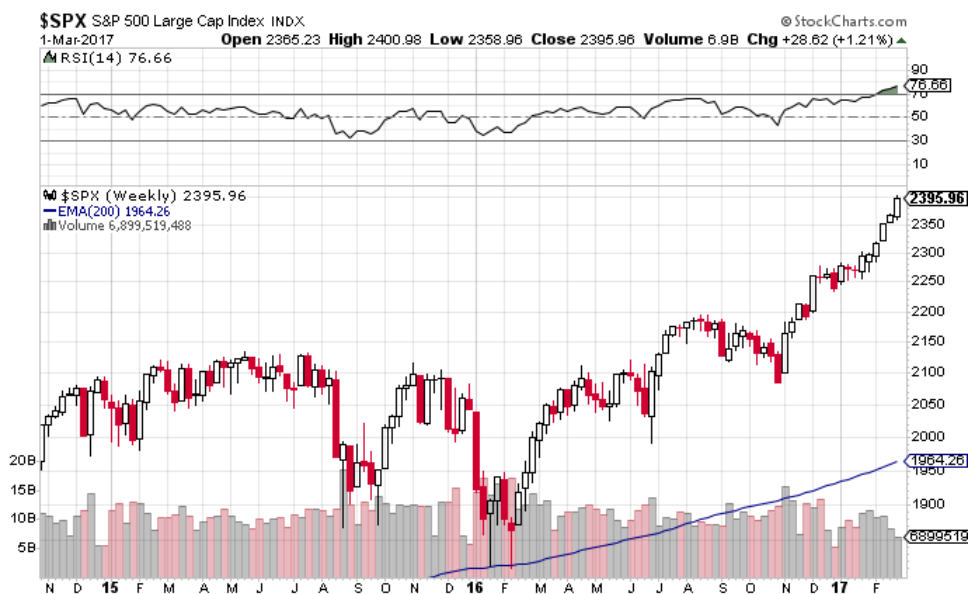
Market Update... March 1, 2017

Most markets around the world are hitting new highs.

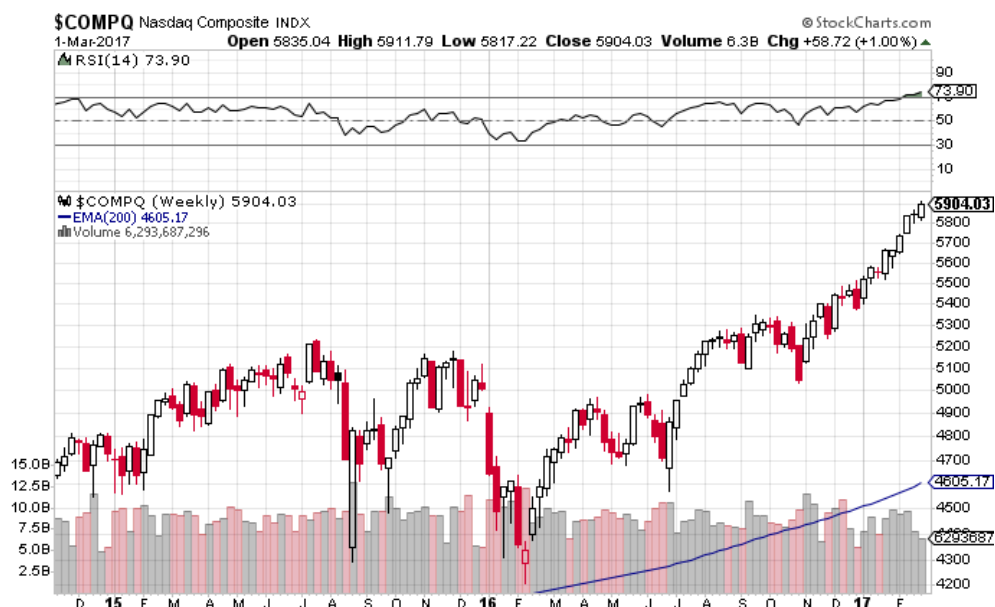
Toronto's TSX...showing early signs of pull back.



The S&P500...overbought



The Nasdaq...overbought



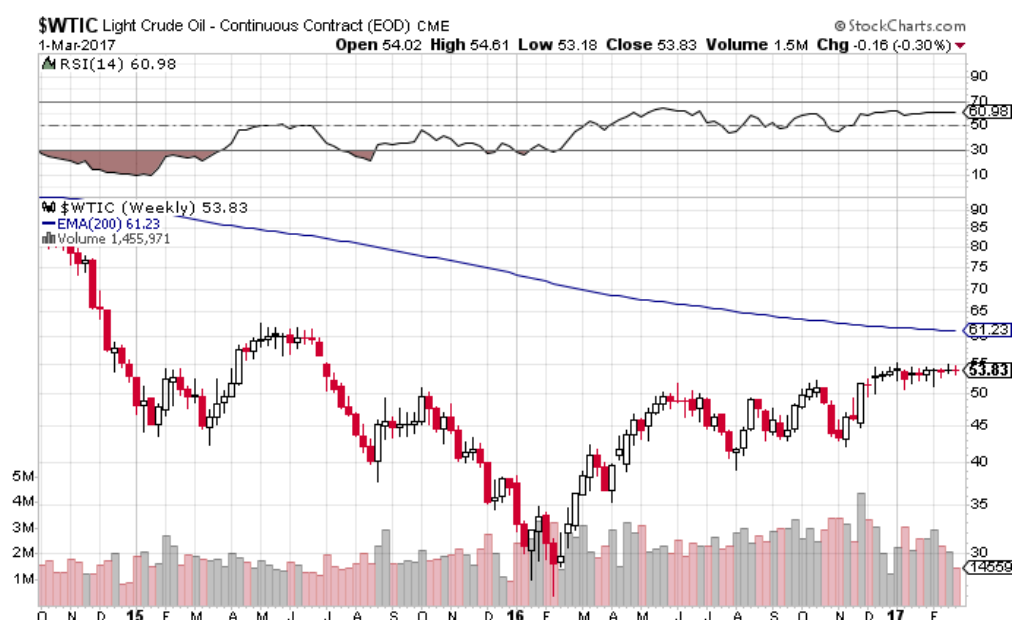
Since our January options maturities (Jan 23rd), we have reviewed portfolios from the perspective of removing weak positions (those that have not participated in this market rally) and trimming/realizing some profits, effectively raising some cash.

The momentum of this market rally which really got under way with the U.S. election is being driven I believe, by the new administration talking about lower taxes and a desire to deregulate multiple industries which of course could save them millions of dollars. Like any momentum driven rally, they tend to end as a result of headwinds called 'reality'.

My advice to clients is caution here. Let the market come to you here, versus seeking to chase it. Opportunity can occur either by a broad market pullback or a pullback in individual stocks.

While commodities have rallied through the last quarter, the headwind they face is a rising U.S. dollar which I believe likely, given rising interest rates south of the border. I do not believe that there will be similar Bank of Canada driven interest rate pressure because of our weaker economy. As a result, I continue to favour U.S. dollar investment assets.

Technically, we are a few months away from the seasonal end of the annual energy cycle. While WTI oil looks like it is facing resistance at current levels, next target could be \$59



Rising interest rates in the U.S. will favour financials. We like the U.S. financial transaction facilitators over the U.S. banks given their history (remember 2008) and the recent resignation of Wells Fargo CEO over fraud at the bank. In Canada I favour regulated Canadian banks with exposure to the U.S. market. That said, the banks here are expensive, so I would reconsider them on a pullback.

The sector representing value is healthcare. Traditionally defensive, it has been beat up over the last year with political speeches about drug price controls. Still, we have an aging population and healthcare plays to that demographic. While biopharma is more volatile, it offers significant growth potential. Those seeking a more stable position consider both pharma and medical device names. I continue to add seniors care facilities.

Summary.

We have been removing losing positions and trimming profits from others with markets at new highs. I believe that the current momentum will eventually wane as investors weigh reality versus hope again. Be cautious and patient with cash. Let opportunities come to you versus running with the herd.

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,
National Bank Financial

Rob Hunter
Senior Investment Advisor
Vice President

Sources: Stockcharts.com, TechnicalSpeculator.com, Reuters

National Bank Financial is an indirect wholly-owned subsidiary of National Bank of Canada. The National Bank of Canada is a public company listed on the Toronto Stock Exchange (NA: TSX).

This information was prepared by Rob Hunter, an Investment Advisor with National Bank Financial. The particulars contained herein were obtained from sources that we believe reliable but are not guaranteed by us and may be incomplete.

The opinions expressed are based on our analysis and interpretation of these particulars and are not to be construed as solicitation or offer to buy or sell the securities mentioned herein. National Bank Financial may act as financial advisor, fiscal agent or underwriter for certain of the companies mentioned herein and may receive remuneration for its services. Rob Hunter, National Bank Financial and/or its officers, directors, representatives, and associates may have a position in the securities mentioned herein and may make purchases and / or sales of these securities from time to time in the open market or otherwise.

The opinions expressed herein do not necessarily reflect those of National Bank Financial.

Several of the securities mentioned in this article may not be followed by National Bank Financial’s Research department.

The securities mentioned (inclusive of income trusts and option strategies) in this article are not necessarily suitable to all types of investors. Income trusts and preferred shares are equity investments. Please consult your investment advisor to discuss investment risks. All prices and rates are subject to change without notice. Stocks typically fluctuate in value. Stock values can go to zero.

The investment advice given only applies to residents of the provinces of British Columbia, Alberta, Manitoba and Ontario.

National Bank Financial is a member of the Canadian Investor Protection Fund.



Regulated by
Investment Industry Regulatory
Organization of Canada