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CANACCORD Genuity
Wealth Management

In this issue: Market update, By the Numbers, What To Do, Chart of the Month (NAFTA), Mandate of the Month, What are we Reading (Global stock trends Dividends, Savings Timelines), All things Blockchain and Crypto, Real News in Financial Planning- Wills.

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What is happening?

It's all about banks.....

The Canadian Banks have released earnings, and they returned mixed reviews. RBC, CIBC, National above, TD, BMO, BNS below expectations. What this doesn't tell us is that even though TD (for example) missed its earnings mark (set by the street), they still locked in a record Q4 profit, and all have continued their seemingly unstoppable surge into the Christmas season and new year. Heady times indeed.

More Bank news, as the Bank of Canada held steady on interest rates. Stephen Poloz has surprised the public before with a raise during the summer, and pundits were speculative on if he would wield his power again. Citing an uncertain 2018 market outlook, Poloz locked us in to current rates until the new year sending the Loonie down 1.5% in the process. The Fed on the other hand has indicated a raise of 25bps for next Wednesday, and the EU has lowered their Quantitative Easing strategy to \$30B/month from \$60B starting in January.

Basel III, the new regulatory agreement for banks and required capital restrictions has now been pushed to 2022, from an original date of 2019, giving European Banks an opportunity and flexibility to work on dividend and share buyback scenarios to make them more competitive.



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<i>CAN Equity (CAD)</i>	YE 2016	Wk-end	Chg this week	Chg in 2017
S&P/TSX Comp	15288	16096	0.4%	5.3%
S&P Total Return	49501	53487	0.4%	8.1%
S&P TSX 60	900	958	0.7%	6.5%
<i>US Equity (USD)</i>				
S&P 500	2239	2652	0.4%	18.4%
S&P Total Return	4279	5165	0.9%	20.7%
Nasdaq	5383	6840	-0.1%	27.1%
<i>Inter. Equity (USD)</i>				
MSCI World	1364	1575	0.5%	15.4%
MSCI EAFE	1684	2005	0.1%	19.1%
MSCI Emerg. Mkts.	47651	59131	-0.2%	24.1%
FTSE 100 (GBP)	7143	7394	1.3%	3.5%
DAX 30 (KR)	11481	13154	2.3%	14.6%
<i>Commodities (USD)</i>				
Gold	1157	1248	2.7%	7.8%
Oil (Crude Brent)	\$56.17	\$63.33	-1.1%	11.7%

What to do?

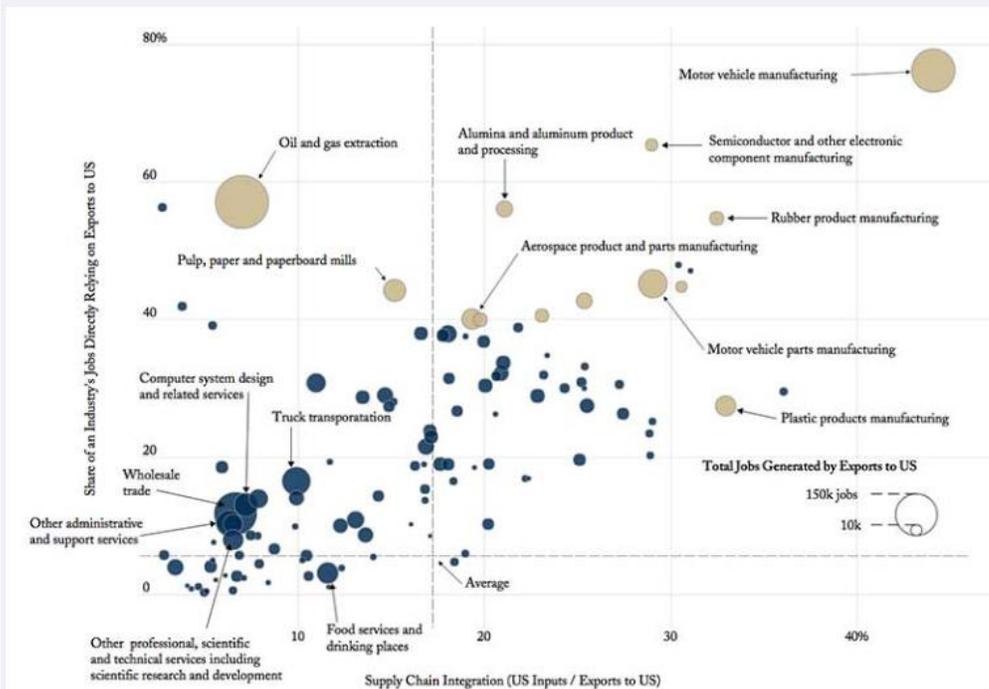
Still speaking to global portfolio mandates, and sticking with Europe, who is doing itself justice. The latest numbers show unemployment beginning to normalize even in the hardest hit regions of Greece, Portugal and Spain resulting in a solid 0.6% quarter on quarter growth for the year- The region is up to 18 months of continued growth. While there is short term noise in Brexit talks, Italian elections and the newly forming German parliament, these are hurdles that are not fundamentally damaging. The only thing that's concerning us is Bitcoin now uses more energy per day than the entire country of Ireland...either Bitcoin is starting a fire under the polar ice caps or Ireland is truly the "Green Isles." If pension funds and top money managers don't think within their backyards, why should you. **Discover how to use sector ETFs to balance your portfolio to a global perspective. To read further: Click here to read a global perspective from our strategist: [Click here](#)**

[The YTD results so far](#)

❖ **Chart of the Week: NAFTA is still happening?**

The NAFTA Constellation: Which Canadian Industries are Most Vulnerable?

Daniel Schwanen and Aaron Jacobs, vice president, research and former researcher, C.D. Howe Institute



"This graph profiles a constellation of Canadian industries, each represented by a circle, highlighting in gold those that are most vulnerable to any disruption of trade between Canada and the US. The left axis is the share of that industry's jobs directly relying on exports to the US. The right axis is an indicator of the "supply chain integration" of that industry with the US, as measured by US input into exports from Canada to the US. This captures the fact that parts and other inputs may cross the border a number of times prior to a final product being shipped – potentially magnifying the impact of reinstated custom duties on that industry. The size of the circle captures the total number of Canadian jobs directly or indirectly dependent on that industry's exports to the US. Gold circles represent those vulnerable industries that support 10,000 or more Canadian jobs. We see that auto manufacturing stands out both in terms of integration with US manufacturing, and the number of Canadian jobs at stake. But other important job-generating goods producing industries in Canada, including chemicals, plastics and rubber products, food manufacturing, aerospace, machinery, semiconductors, electronic equipment, pharmaceuticals, metals, paper products and textiles, are either significantly integrated with US production, highly dependent on the US market for output, or both." (Each bubble can be explored in more detail by clicking [here](#).)

❖ **Mandate of the Month: Advisory Research Global Sustainable Div. (\$100K Min)**

This is a fee friendly managed portfolio solution. If you have Mutual Funds or high trading costs, it's worth a look. [Click here to see the note.](#)
Strategy: The objective of the Global Sustainable Dividend mandate is to offer current income and income growth, as well as capital appreciation with less risk than the broader equity market. The strategy focuses on high quality, blue chip companies with deep defensive moats, sustainable cash flows and attractive valuations. The strategy is designed for asymmetric upside/downside capture and historically has realized 70% of down-market returns and 90% of up-market returns. By focusing on sustainable dividends as opposed to high dividends, the strategy seeks to be an appropriate investment solution regardless of whether dividend investing is in or out of favor. E-mail [Steve](#) or [Drew](#) for more details.

❖ **What are we reading:**

- **Global Stocks, making history:** <https://www.marketwatch.com/story/global-stocks-could-make-history-this-month-by-refusing-to-fall-2017-12-08>
- **Know how dividends work, great but not free:** <https://tinyurl.com/ybfyrdoc>
- **Savings Timeline:** <https://www.marketwatch.com/story/all-the-money-milestones-to-hit-in-every-decade-of-your-life-2017-09-19>
- **Uber of the Seas!? Global Cargo inefficiencies:** <https://tinyurl.com/yafqldf3>
- **Crypto Corner: Whether you like it or not, you should know more and can't ignore. Futures Markets now open!**
 - Follow your favourites: <https://coinmarketcap.com/>
 - Know your coins: <https://tinyurl.com/y9dwnerh>
 - It's hot, here are the names of who's heating up: <https://finance.yahoo.com/news/11-biggest-names-cryptocurrency-2017-110033921.html>
 - Microlending on the Blockchain: <https://www.coindesk.com/microlending-trends-startups-look-blockchain-loans/>
 - Looking to the future, specifically at a futures market: <https://www.coindesk.com/threat-bitcoin-futures/>
 - Disrupting the Disruptors, futures markets for cryptos are here: <https://tinyurl.com/yb7dtz3m>

How does Financial Planning make a difference for you?

Financial Planning is a tool that everyone needs to be using in their investment strategy. If you aren't planning with a complete overview with your manager, you are leaving your strategies to chance. Good ideas to grow your portfolio are always available, by adjusting risk and knowing your situation in all situations: retirement, home and business purchases/sales, children coming in to the world or sent to University, helping them buy a house/business all play a part. According to the Financial Planning Standards Council (FPSC), 81% of Canadians with comprehensive financial plans feel on track with their affairs versus 73% with limited and 44% with no planning. [Click here for an introduction to Mike](#) and take a look below for an example of how he makes a difference for clients.

[Click here for a full overview on our financial planning services](#)

Back to Wills. Start with the simple.

We are no longer surprised by the number of new clients who reveal they don't have valid wills in place when we make routine inquiries to open new accounts. Most people don't like to think about matters such as death and the distribution of their assets, and we understand this reluctance. But a clearly written will that specifies how your wealth will be distributed can be one of the greatest gifts you can make to your immediate family. Just ask anyone who has had to go through the house of a deceased and decide how to empty it out. Think of the stress on loved ones at an emotional time that can be eased by specific instructions that you leave behind. Moreover, a well-constructed estate plan (of which a will is a vital part) can help to ensure that taxes are kept to a minimum and more of your assets will be left for your heirs to enjoy. While there are no death taxes in Canada, assets of a deceased are deemed to have been sold at market value just prior to death. Capital gains taxes will be the principal concern, though not the only one. Make no mistake: Canada Revenue Agency (CRA) will be demanding its money before anyone else gets a share. But the good news is that there are ways of softening the immediate impact that taxes can have when your affairs are structured properly.

Without a Will

Dying intestate (without a will) results in the province distributing your assets according to preset rules, which may not be what you would intend. Administrative delays are often the norm, and if you have no next-of-kin, all your assets will revert to provincial coffers.

Will Preparation Does Not Have to Be Complicated

Making a valid will can be as simple as hand-writing a document (referred to as holograph or holographic will). However, legal requirements vary by province and, indeed, some provinces do not recognize their validity. Alternatively, you can purchase a will kit (NOT ADVISED). While these may be satisfactory for simple situations, it may not be appropriate for most situations (NEVER). You should recognize that wills are **legal documents**. As such, the wording must be precise to ensure there are no disputes as to interpretation. For the relatively small fees involved, having a competent lawyer draw up your will, and seeing that it is signed and witnessed properly is highly recommended. Discussing your affairs with such an expert can also help to ensure that your exact wishes will be set down in your will, and that common pitfalls regarding tax or family relationships do not become an issue. We encourage you to talk to us as well, particularly about the financial or investment aspects of your estate. We may be able to suggest ways of saving tax or otherwise maximizing the bequests you make to your heirs.

Review Your Will Regularly

Given that conditions are always in flux in everyone's life, it is also important to review the terms of your will regularly, and especially whenever there is a major "life changing" event. These might include a divorce or marriage, the death, marriage or divorce of a beneficiary, or the need to appoint a new executor. Indeed, scheduling such a review every three to five years is a prudent idea to keep your will up-to-date.

In summary, if you haven't thought about your estate plan lately, resolve to review your documents at an early date. Start with your will, but also any related documents such as powers of attorney that you might have in place. And, if we can help in any way with this, or any other estate planning matters, please don't hesitate to get in touch.

[**If that's not enough of a start, click here for 10 reasons to start planning your estate**](#)

***Please let us know if you think there is someone in your network who would benefit from this note. We are always happy to include them on the list. You are our best source of referrals.**

Check us out at: www.stevestavidis.ca

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