

# The Market Letter

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February 27, 2017

## Market Commentary

The markets have just eased off from the all-time highs created by the Trump Rally. Odds are that they will continue to make new highs based on Trump's promise of a reduction of the corporate tax rate from 35% to 15% and broad-based industry deregulation (at the expense of the environment). The bottom line of many major companies will likely be enhanced.

A degree of caution is warranted as Trump is volatile and not always truthful. Major risks include a trade war with China, impeachment or even assassination.

**Political promises look good for equity investing however. History has taught us that high-quality businesses that stress return on invested capital, irreplaceable assets, free cash-flow, and low leverage lead to long-term capital appreciation and consistent dividend growth. This happens under Obama, Trump or whomever is in power.**

In our last Market Letter from December 6<sup>th</sup>, we recommended some names that fit these criteria:

### **Brookfield Infrastructure (BIP.UN)**

Yield: 3.6% (as of Feb 27<sup>th</sup>)

Return since Dec 6<sup>th</sup> (excluding dividends): 13.1%

### **Fortis (FTS)**

Yield: 3.8% (as of Feb 27<sup>th</sup>)

Return since Dec 6<sup>th</sup> (excluding dividends): 5.98%

### **TD Bank (TD)**

Yield: 3.2% (as of Feb 27<sup>th</sup>)

Return Since Dec 6<sup>th</sup> (excluding dividends): 7.7%

## Wealth Planning Checklist

As we enter tax-season, it is a good time to review some basic tenets of wealth planning:

1. As always, the deadline to file your tax return is April 30<sup>th</sup> so no need to panic.
2. Please contact us for realize capital gains/losses reports.
3. T5's must be sent to clients by the last week of February so you should receive them soon if not already.

**4. IMPORTANT: T3's do not have to be sent until the last week of March. Since many clients will be receiving T3's, it is best to wait until after the first week of April to file.**

5. Make sure your tax-free savings accounts are topped-up. The 2017 contribution limit is \$5500.
6. Designate beneficiaries on your registered accounts (TFSAs, RRSPs, RRIFs)
7. Make sure you have an updated Will.
8. Consider having a Power of Attorney in place, particularly for elderly clients or those with health concerns.
9. Our National Bank insurance specialist works right out of our office and can help with any insurance needs you may have or review your existing policies to make sure they are right for you.
10. For banking services (loans, mortgages, lines of credit), we have a dedicated team who have helped many of our clients in this area. They work remotely and there is no need to meet in person. Please contact us if you require any banking services.

## Fixed Income Rates

| GIC   |       | Daily Money |                         |       |  |  |
|---|-------|-------------|-------------------------|-------|--|--|
| 1yr   | 1.40% |             | Altamira Cash Performer | 1.00% |  |  |
| 2yr   | 1.55% |             |                         |       |  |  |
| 3yr   | 1.70% |             |                         |       |  |  |
| 4yr   | 1.86% |             |                         |       |  |  |
| 5yr   | 2.01% |             |                         |       |  |  |
|   |       |             |                         |       |  |  |
| Rates are as of Feb 27, 2017 and are subject to change at any time. |       |             |                         |       |  |  |

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.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your investment advisor to verify whether this security or sector is suitable for you and to obtain complete information, including the main risk factors.

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