Monthly Client Newsletter

November 2019

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Manulife Securities Incorporated

"Take Your Wealth to the Next Level"

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Adam's Update

Friends,

If you are like my household it has been a tough fall so far, as my kids and Katherine and I have all been trying to get through a string of "bugs" that have plagued our family members. My hope is that you and your family were able to avoid this situation. On the bright side, caring for the kids in their fevered state has made Katherine and I remember just how precious our little ones are to us! Hopefully, if you find yourself in the same situation you can find the positive in the pile of tissue.

On the business front, the Canadian market had a tough Halloween as both stocks and bonds were down in the great white north. The debate continues on whether we are seeing a bottom in slowing economic growth or if there is further slowing to come. Our preference has not been to speculate and to position ourselves more conservatively in the face of uncertainty, while avoiding the noise (ie. trade, impeachment, etc) that occupies most market attention.

Have a wonderful November and thank you for your continued support!

Summary of Contents

In this month's newsletter you will find information related to:

Key Dates to Keep in Mind!

- TFSA contribution room available = Beginning of January
- Installment payment date deadlines = Mid March, June, September and December.
- Individual tax filing deadline = End of April.
- Self-employed individual and spouse tax filing deadline = Mid June.
- Tax Loss Selling deadline = End of December.
- RESP contributions deadline = End of December
- RRSP contribution deadline = End of February

Idea Corner:

Get ready for your countdown to retirement

Source: Fidelity Investments

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If you're like most people, though, you may be a little fuzzy about what your retirement will really look like. At some point, you'll need to bring your retirement into sharper focus. Ideally, that's about 5 (or more) years before you hope to retire, when retirement is close enough to know what you want it to look like, and yet far enough away that there's still time to hone your strategy to help meet those goals or alter your plans.

Begin by asking yourself these 5 key questions:

1. What are your expectations?
   - "It seems like a simple question, but more than half of couples have no idea how much they expect to receive in monthly retirement income, and most either don't know or are unsure of what their CPP/OAS payments may be in retirement.
2. Will you have enough?
   - This is the most important question that many pre-retirees need to answer. According to a recent survey, the median baby boomer is on track to meet 86% of estimated retirement expenses: enough to cover the basics, but not sufficient to cover all estimated discretionary expenses.
3. Are you invested properly?
   - As you round the bend toward retirement, it's not a good idea to take on any more investment risk than necessary for your time frame, financial circumstances, and risk tolerance. But remember that this does not mean the answer is always to become more conservative. The consequences of being too conservative can be just as worrisome when you account for inflation and the possibility that you could outlive your savings.
4. Where will your retirement income come from?
   - At the same time you think about shoring up your retirement nest egg, you need to begin thinking about how you'll convert some of these savings into retirement income. For many people, it's helpful to start by grouping potential sources of income into 2 basic buckets: guaranteed income from sources such as CPP/OAS, pensions, and annuities, and variable income from a job, retirement savings, and other sources such as rental real estate.
5. How does your home factor into your retirement?
   - If tapping home equity is only a temporary solution to bridge the gap until you start to draw down your retirement assets or start receiving guaranteed income payments, consider applying for a home equity line of credit while you're still employed and more likely to qualify for the best rates. If home equity factors into your long-term planning, you could also consider a reverse mortgage.

Market Performance Review:

October 2019

Adam's Comment: *Halloween scared away investors from the Canadian marketplace as October saw both Canadian equity and fixed income fall. Canadians did see the value of their loonies climb versus the US dollar, as the US Federal Reserve continues to cut short term interest rates, while the Bank of Canada holds firm, for now. International stocks were the place to be as more constructive negotiations took place in regards to the BREXIT fiasco.*

Market	October Return %	2019 Year To Date Return %	5 year Annualized Return %	10 year Annualized Return %
Canadian Equity (S&P/TSX Composite Index)	-0.86	18.08	5.57	7.32
US Equity (S&P 500 Index)	1.53	18.81	14.26	15.95
International Equity (MSCI EAFE Index)	2.95	13.28	8.11	7.99
Canadian Fixed Income (FTSE TMX Canada Universe Bond Index)	-0.17	7.60	3.75	4.37
US Fixed Income (Barclays Capital U.S. Bond Universe Treasury Index)	-0.56	3.97	5.74	5.02
Currency Exchange Rate (CAD$ in USD$)	0.63	3.66	-3.05	-1.94

**Source:*
Total Returns in CAD$, Bloomberg, Bank of Canada, pcbond.com, Barclays Capital, BMO CM, S&P

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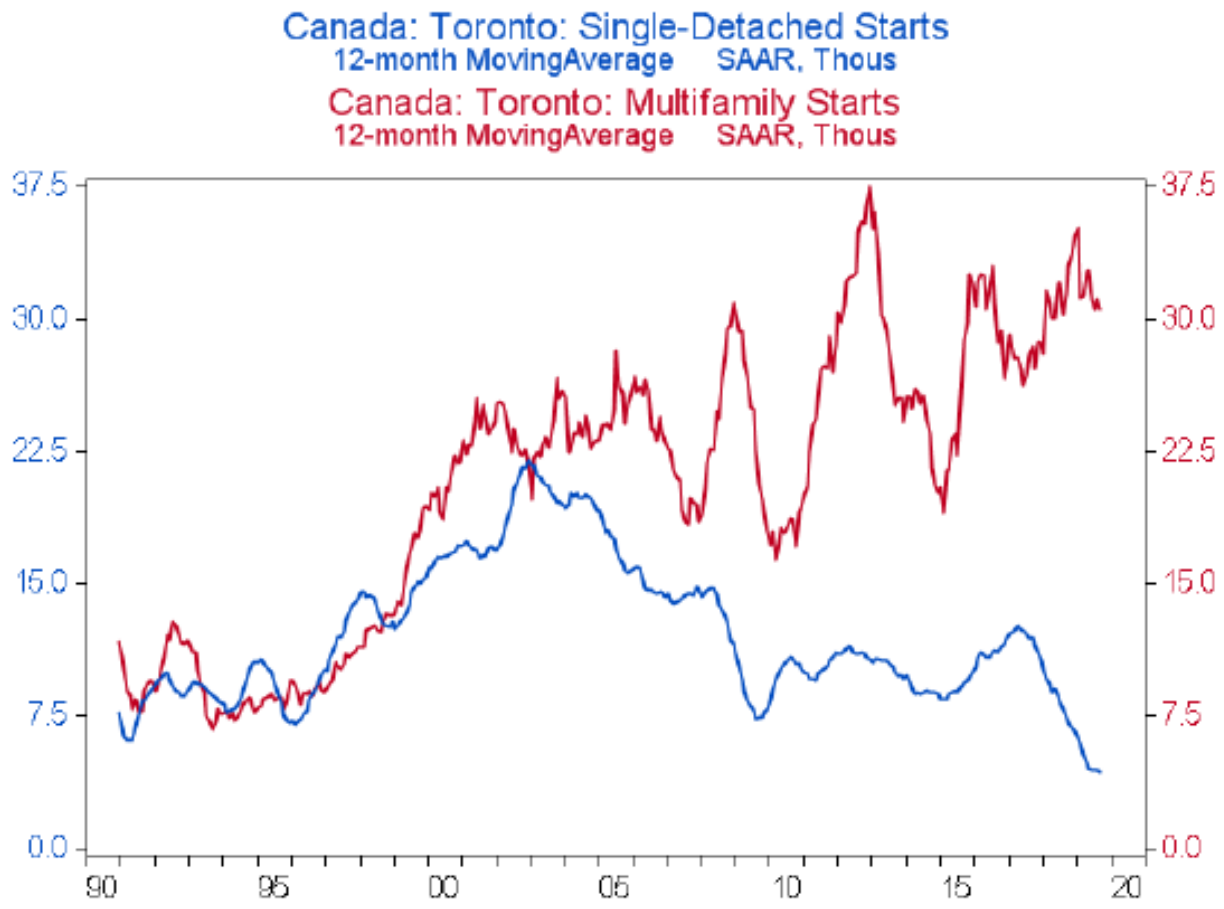
Chart of the Month:

Toronto backyard scarcity

Detached homes continue to be a very scarce asset in the GTA. Single-family housing starts in the GTA have averaged approximately 4,300 units over the past year, which is a record low going back to 1990. This is likely due to land use constraints (ie. green-belt) and intensification requirements that continue to render single-detached homes more scare as a share of the overall housing stock, year over year. To make matters more challenging, this comes at a time when the leading edge of the millennial group is having their first or second child and looking for a backyard.



*Source:

BMO Economics

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Article of the Month:

The bank will not save you!

Investors should not get involved in get-rich-quick schemes, even if a respected bank is holding the money, because if it is unaware a fraud is being perpetrated, the financial institution cannot be held liable for the victims' losses.

A court ruling in 2018 determined that if a financial institution holding the account of those conducting a Ponzi scheme didn't know a fraud was being perpetrated, it could not be held responsible, and the victims are out of luck in trying to recover any losses from the bank.

In the case, the plaintiffs sued the bank (TD Bank) in hopes of recovering at least some of the $30 million they invested in the Ponzi scheme, which went on for five years and ended in 2011, court documents show.

The plaintiffs argued the bank should have detected and stopped the fraud, and it was negligent and in breach of trust.

The court, however, ruled the bank did not have direct knowledge of the scheme and, therefore, did not have the duty to protect the victims.

"I am not persuaded that a bank owes third parties such as the plaintiffs a stand-alone duty of care to avoid economic loss arising from mere constructive knowledge of a potential fraud," Superior Court Sean F. Dunphy wrote. "At all events, I am satisfied that none of the facts known to or learned by (the bank) were sufficient to have put (the bank) on notice to make an inquiry the outcome of which would have had a reasonable likelihood of detecting the fraud or reducing or avoiding any of the plaintiffs' losses."

In another example, of fraud and bank negligence is the infamous Canadian case of Earl Jones, or the so called "Bernie Madoff of Canada". Mr. Jones elaborate Ponzi scheme unraveled in 2009, when his clients cheques from the Royal Bank of Canada (RBC) started to bounce, leaving hundreds of clients (mostly seniors) without their life savings (approximately $25 million). However, in this case the bank was found to be negligent after a internal message from a bank employee was found in 2001 (8 years prior to this fraud being uncovered) stating that Mr. Jones was using his business bank account improperly (meaning as a "slush account"). Despite this evidence against RBC for negligence, the victims of the scheme only recovered about $12 million of their life savings or about 40 cents of every dollar.

To protect yourself, you cannot default to the belief that the bank will bail me out if anything goes wrong. You must complete your due diligence and if the advisor or investments sound too good to be true, stay away from them or it.

Source:

Rob Lamberti, AdvocateDaily.com & GlobalNews

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