

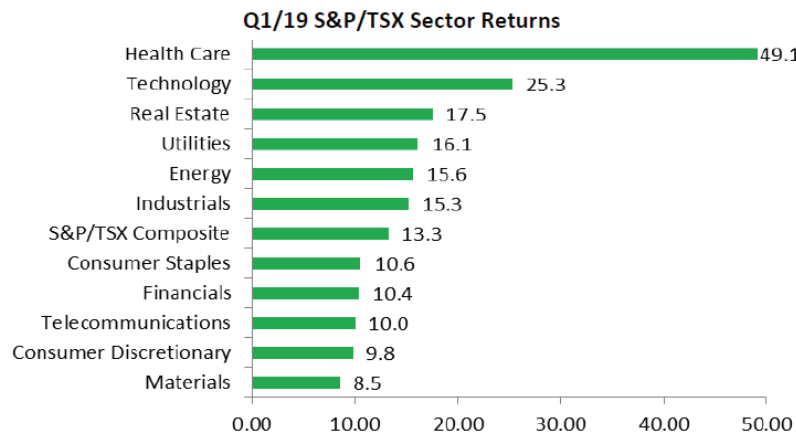
Q1/2019 Quarterly Market Review



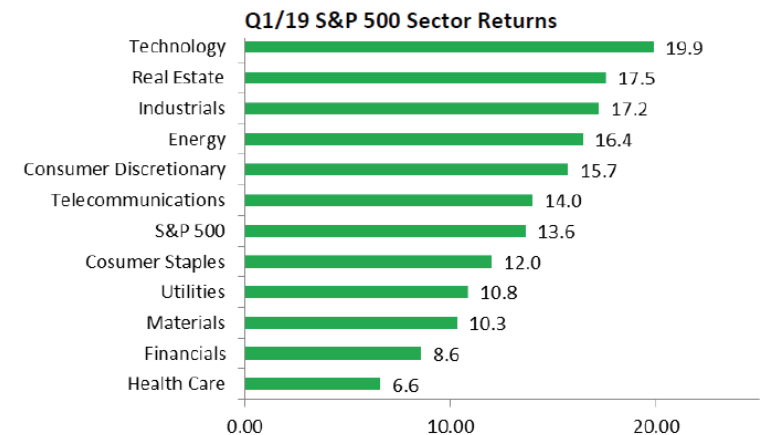
Equity Markets

After a dismal and punishing Q4/2018 market pullback, global equity markets have surged forward this past quarter to the relief of all investors.

- The Canadian equity markets jumped over 13% for the quarter, offsetting the losses of 2018. All 11 sectors had a positive quarter with cannabis stocks fueling the health care sector to a 49% gain.
- U.S. equities came back off their late December lows with the S&P 500 rising over 13%. The NASDAQ had experienced bear market territory of -20% in late 2018, but has rebounded nicely by 16% in Q1.
- Even the International markets were up across the board, but have still failed to recoup all of their 2018 losses.



Source: Bloomberg Finance L.P., as at March 31, 2018. Index Total Returns.



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Fixed Income

The fixed income story of Q1 was the interest rate yield curve inverting with the three month Canadian T-Bill at 1.66% and the five and ten year Government bonds yielding 1.52% and 1.62% respectively.

Imminent interest rate hikes appear to be on the sidelines for the foreseeable future. This abrupt change in central bank policy continues to hamper performance for reset preferred shares, but their dividend yields are attractive against declining rates on interest paying bonds and GICs.

Commentary

As interest rates began to come down and Central Banks now more dovish, many bond like stocks were hitting new 52 week highs. This included our holdings in Canadian utilities, pipelines and telcos.

There has been increasing coverage from analysts who are predicting a recession is close at hand. At some point in the future we will experience an economic slowdown significant enough to register as a recession. Although we hope it doesn't happen, history has proven otherwise. If we do end up in a recession this year, I expect it to be short and shallow given current low unemployment, solid corporate earnings, and low interest rates. The challenge facing policymakers is the lack of dry powder

to kick start the economy when we do enter a recession. Interest rates can't go too much lower, and Governments have been spending, increasing their deficit at a time of economic growth, when they should have been using the opportunity to reduce debt.

Tax Strategies Using Life Insurance

Contributed by:

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TD Wealth - Estate Planning Advisor

Estate planning is relevant for everyone with assets, regardless of age. The ability to leave something for the next generation, or even another generation like grandkids, is likely greater now than it ever was for the average person. Many individuals will also do business succession planning and estate planning strategies to enhance their legacy. One need that seems universal in people's estates is liquidity. Rather than liquidating other assets, a life insurance death benefit is often the most tax-effective way to cover the tax liabilities that materialize in their final tax returns.

Using Insurance strategy helps to create a larger estate and passes wealth to heirs on a timely and tax-free basis. The death benefit can often be paid out to beneficiaries within a week or two and avoids estate administration fees and what is usually a time-consuming probate and estate settlement process. It

may take months or years to settle an estate and an expedited estate benefit provided from life insurance has many benefits for the beneficiaries.

Life insurance is also an estate planning tool that has very beneficial tax attributes. In fact, it can be part of a tax management strategy to reduce the taxes you pay during your lifetime. While many know that death benefits are paid to the named beneficiaries tax-free, individuals or corporations may also accumulate cash values within life insurance policies tax-free.

In summary, insurance strategies help to do more than just create cash at a time when needed most. It can be used as a tax minimization strategy because it reduces income tax over time and allows for a redirection of those tax savings. It can eliminate estate taxes, preserve capital, enhance yield, provide portfolio diversification and reduce market risk. It may be implemented as an inter-generational wealth transfer strategy and used to create philanthropic magnification. In some applications, it is used to equalize estates among children when assets or a business is directed to other children. Life insurance cash values may also provide excellent collateral for tax-free retirement loans or tax-deductible investment loans, if desired or needed in the future.

Exploring the tax management advantages of participating whole life insurance often requires additional information and education. It tends to be a financial blind spot for many people so investing a bit of time to understand this asset class is well worth it. We recommend meeting with and getting professional advice from a Chartered Life Underwriter to fully explore the taxation and strategic use of life insurance in your financial plans.

Volunteer Time

Borger Wealth Advisory Group and our families spent a Saturday in January preparing dinner

for the residents of Ronald McDonald House. A fine spread of prime rib, garlic mashed potatoes, various vegetables, salad, and enough gravy to smother it all, was prepared on site. Dinner was to be served at 5:30, with many of the family members there just long enough to fill their to-go containers and rush back to the Children's Hospital to be with their loved one. At 5:00, it appeared the roasts were only half cooked! With people starting to mill about the dining hall around 5:15, we frantically checked on the roasts. What a relief to find out that Jay's new meat thermometers had been reading in Celsius instead of Fahrenheit!

Ronald McDonald House Charities, Southern Alberta Facts:

- 26 nights is the average length of stay
- 248 nights was the longest stay by one family
- 504 brunches and dinners were served by 243 Home for Dinner groups
- There were 303 stays by families with children receiving care in the Children's Hospital



We Are Moving

On May 24th, our TD Wealth Office is moving.
TD Canada Trust Tower
Suite 900 421 7th Ave SW
Calgary AB T2P 4K9

We will be sending out a reminder email a few weeks before our move date.

Jay, Catherine, Madison and I thank you for your business and entrusting us to navigate your financial journey with experience, knowledge and commitment on your side. If you have any questions or issues you would like to discuss, we would be happy to receive your call.

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