

May 2018

Market Update



Important Topic: Notice of Assessments (NOA)

To confirm receipt and processing of your income tax filing, the Canada Revenue Agency sends you a Notice of Assessment.

This letter is usually 2-4 pages and contains one page summarizing your tax filing, your payment or refund, a few paragraphs on particulars (such as “carry forward” amount of capital losses and tax credits) and a separate box that details one’s RSP contributions and this year’s limit.

This is an important document. Upon receipt we advise that you make copies:

- Send one copy to your accountant
- Send one copy to us (your investment advisor)
- Put one copy with your copy of the tax filing and all supporting documents (keep for 7 years)
- We recommend that you put one copy in a separate file labeled “Notice of Assessments” as you may be called upon to produce these documents in a number of different scenarios

Please fax (416 512-6224) or scan & email a copy to us. There is valuable information we can use to help us incorporate tax planning strategies into your investment plan. investments and ensure that the reward for risk-taken is tilted clearly in our favour.

Market Update: Up, Down, and Up... Again

May, like every other month, saw most markets bounce around in reaction to news, but in the end the markets moved up in May.

Short term market movements are everyday events and are the result of ever changing expectations. After all, a market price is simply an attempt to value the future. When expectations rise due to positive developments, prices rise and vice versa. It is only in the long-term that one can appreciate which expectations were correct. This is why we recommend buying what we consider to be great companies, with strong competitive advantages, because they seem to be growing and inexpensive. Then ignore the entire short term “noise” that tends to send prices, endlessly, up and down.

In May we saw twists and turns worthy of an Opera. Internationally, problems with Italy, Spain, Argentina, and Venezuela changed expectations for the Euro, Oil and global interest rates. In the U.S., trade wars ended only to start again (maybe).

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In Canada we saw the Federal Government buy the Trans Mountain pipeline with the hope of selling it. This is the world we live in and probably always will be.

But most importantly the U.S. posted strong economic activity and record employment numbers that lowered the unemployment rate to a decades low. In fact unemployment fell across the country, across ethnic groups, across age groups, across... almost every metric. While this bodes well for the economy it also ensures that the U.S. government will continue to raise interest rates and it raises expectations of inflation. So once again expectations are being recalculated.

We remain invested, and looking forward, we remain optimistic for the long term but also cautious for the short and medium term. We feel that the focus must remain on the long-term. The long-term plan and the reasons for investing as we do remain the same. We focus on each specific investment to help ensure that the reward for risk-taken is tilted clearly in our favour.

For the Month:

The bond market was up 0.8%, the Preferred market was up 0.9%, the Canadian market was up 2.5%, the U.S. market was up 2.4%, International markets were down 1.7%, the Emerging markets were down 1.6% and the Real Estate market was up 1.6% (Source: Reuters).

Have a great month and let us know if there is anything we can do for you,

Meir



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