TD Wealth

July 2018

Market Update

Important Topic: Wills

It is important that one review one's will every couple of years. While almost all of us procrastinate when it comes to writing or updating our wills, I want to take this opportunity to remind you of its importance.

Each of us have specific intentions as to what we wish done with our estate. After a lifetime of hard work, diligence, and sacrifice, we want to be sure that the fruits of our labour end up in specific hands - loved ones and cherished organizations. So let's be sure our wills reflect these intentions.

Importantly, if one does not have a will, be well aware that without one the government will decide on the distribution of your wealth. In these cases one's specific intentions are trumped by government general assumptions.

Lastly, in all cases one should ensure that one's will considers the tax ramifications of its instructions. The purpose here is to maximize the amount one leaves to loved ones and minimizes what is taken in taxes.

If you need a good estate lawyer let us know. We can send a few names from which to choose.

If you have any questions about your will please feel free to call. TD has resources that should be able to provide an answer.

Market Update:

The month of July saw markets rise during the first few days, and generally bounce up and down for the remainder of the month. While the effects of deregulation and tax cuts are still working their way, positively, through the economy, the effects of tariffs although still small remain a threat to global growth, negatively.

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So far the former two have outweighed the later and the economy remains in very good health.

As I have written here many times before, a critical part of the economy is company earnings. These continue to be solid with many companies posting record earnings and a vast majority of them beating expectations. In fact, so far 52% of the companies making up the S&P 500 index have reported their second quarter earnings and 82% have beat expectations, 6% have met and only 12% have missed (us.spindices.com).

While some have made the point that earnings growth is slowing – as they appear to be growing 16% year over year and not last quarter's 18% - this is not yet a concern of mine. Earnings growth will almost have to slow as the comparison is always done year over year and this year incorporate some growth (tax cuts etc) that will not be part of next year's growth. Instead, I think we will simply have a higher level of earnings growing at a slower rate. My concern is if and when earnings start to fall.

As always, although we are in a bull market and earnings are strong, one must remain diligent and cautious. The markets have a way of punishing greed just when one thinks it is safe. Looking forward, we remain optimistic for the long and medium term but cautious for the short. Our focus remains, as it must, on the long-term. Our long-term plans and the reasons for investing as we do, remain the same. Each specific investment must be considered to ensure that the reward for risk-taken is tilted clearly in our favour.

For the month the bond market was down 0.8%, the Preferred market was up 1.0%, the Canadian market was up 1.4%, the US market was up 3.5%, International markets were up 2.8%, the Emerging markets were up 2.2% and the Real Estate market was up 1.0% (Reuters).

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

Meir