

# Taking Stock with Steele

Your Monthly Newsletter

*The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.*

*We believe Knowledge Pays and we want our knowledge to help pay for you.*

## WATERLOO REGION SUICIDE PREVENTION COUNCIL (WRSPC)

*“Believing that every person has the right to be supported in living a healthy, positive life, our mission is to reduce suicidal behaviour and its impact on individuals, family and communities.” – WRSPC Mission Statement*

As the holiday season is the time of year when individuals face increased stress, and some face feelings of anxiety or depression, we felt it was appropriate to talk about one of our favourite charities, the Waterloo Region Suicide Prevention Council.

WRSPC offers information, guidance and support to those experiencing mental health issues as well as individuals who are worried that someone may be experiencing mental health issues. The WSPC also provides support for those who have lost a friend or family member to suicide.

### Some shocking stats:

- Nearly 4,000 Canadians die each year by suicide, an average of 10 per day
- Canadians are 7x more likely to die from suicide than be the victim of homicide
- Suicide is the 2<sup>nd</sup> leading cause of death among youth
- Approximately 1 in 10 Ontario students report that they have seriously considered suicide in the past year

Steele Wealth Management and the Raymond James Canada Foundation have partnered together to donate time and financial resources to the Waterloo Region Suicide Prevention Council.

The Raymond James Canada Foundation manages philanthropic work and the generosity of our people, clients and firm. Since 2012, the generosity of individual associates and corporate contributions from Raymond James has collectively directed more than \$2,000,000 to support ~250 charitable causes across the country, as well as disaster relief efforts at home and abroad. <http://www.rjcfoundation.ca/>

We aim to work with the WRSPC to create dialogue on and lessen the stigma of suicide and mental health issues.

Follow WRSPC on twitter @WRSPC and #mylifematters

### Current Rates & Data

#### Govt of Canada

90 day	0.46%
1 year	0.50%
2 year	0.52%
5 year	0.80%
10 year	1.49%
30 year	2.23%

#### U.S. Treasury

90 day	0.26%
1 year	0.67%
2 year	0.97%
5 year	1.70%
10 year	2.27%
30 year	2.99%

#### Canada Prime Rate

2.70%

#### U.S. Prime Rate

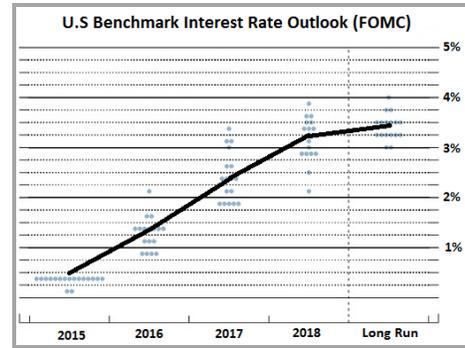
3.50%

#### Exchange Rates

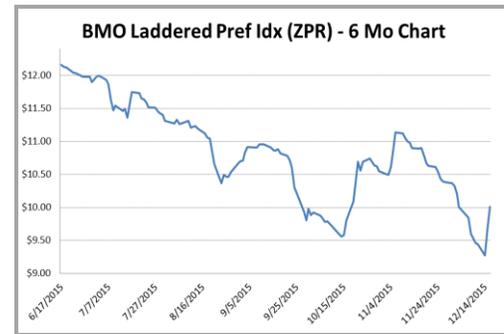
CAD/USD	0.724
USD/EUR	1.093
JPY/USD	121.8

## ECONOMIC TIDBITS FED RATE HIKE LIFTOFF! & CDN INFLATION EXPECTATIONS WANE AGAIN

• In line with market expectations, the U.S. Federal Reserve raised its benchmark interest rate by 0.25%. This was the first time the Fed raised rates since June 2006. Equity and government, corporate and high yield fixed income markets all traded down on the news initially but soon recouped these losses to all trade up on the day. The markets appear happy to finally get a rate hike.



• After rallying in October, Canadian interest rate expectations plummeted as oil prices made new cycle lows trading at roughly US\$35 (WTI), a level not seen since early 2009. Despite growing certainty of a U.S. interest rate hike, a near-term Canadian interest rate cut is back on the table and fixed income securities, particularly fixed reset preferred shares, are beginning to reflect this possibility.



## LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

### Traditional Media Stocks Looking Attractive in the Face of New Technology

- **Corus Entertainment (CJR.B)** and **AMC Networks (AMCX)** are two investment ideas related to this theme.
- **Corus** owns and operates numerous family focused TV stations, radio stations and owns content through subsidiaries Nelvana and Kids Can Press. Corus trades at an all-time low valuation of 5.7x EV/EBITDA versus previous lows of 6.7x and an historical average of 8x, and at a ~35% discount to its larger and more diversified peer Shaw Communications. Investor sentiment is negative on Corus as a result of the rising popularity of "Over-The-Top" (OTT) programming (e.g. Netflix) and the CRTC's Let's Talk TV policy which will force TV providers to offer a-la-carte service offerings as of 2017. Corus looks like a bargain as the trend toward OTT programming is mostly played-out with 1 in 3 households now with Netflix service and with Let's Talk TV expected to have little effect on media company earnings.
- **AMC** owns the cable channels AMC, IFC, WE tv and SundanceTV as well as popular shows The Walking Dead, Fear the Walking Dead, Mad Men, Hell On Wheels and Better Call Saul. AMC trades at the low end of its historical range at 13x trailing earnings and 8.5x trailing EV/EBITDA, 15%-30% below the average valuation of larger U.S. networks. AMC's higher than average show ratings should allow it to demand higher syndication prices, both on Netflix and on traditional TV, limiting the effect of OTT programming.
- Feel free to ask a member of our team for more information on these securities.

## JEANNINE'S TIP O' THE MONTH Important Tax Changes Starting in 2016

- As of January 1, 2016, the annual TFSA contribution limit will revert to \$5,500.
- As of January 1, 2016, the top marginal tax rate in Ontario (on taxable income over \$200,000) will rise to 53.53%.
- As of January 1, 2016, the income splitting tax credit for couples with children will be cancelled.

**This newsletter has been brought to you by Steele Wealth Management**

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