

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.

WILLING WISDOM REVISITED A REMINDER OF THE VALUE OF COMMUNICATION

In October 2014, Steele Wealth Management hosted an event featuring Dr. Tom Deans, expert in estate and legacy planning and author of **Willing Wisdom**. The event focused on wills and bequests and the foremost tenet of Willing Wisdom – talking about money with family. We felt it is important to once again highlight the value of communicating with family about death and one’s will. Below are key topics that were discussed during our October 2014 and in the book Willing Wisdom.

“Now picture your death. Who is holding your hands?” Deans was inspired to write Willing Wisdom as a result of the deaths of his maternal grandparents. His grand observation was that it was the conversations shared and time spent that brought solace to the now deceased and those left behind. By Deans’ estimate, more than half of North Americans will die without a will and die without any discussion about their end in what Deans calls, a culture “entranced and immobilized by the fear of death”. This cultural fear of death translates into us being distracted by the idea of extending life at all cost rather than preparing for death.

“What will I really be remembered for?” The title of the book, Willing Wisdom, highlights the most valuable asset you can “will” someone – wisdom. While many North Americans do not have a will and therefore “will” nothing, those who have one tend to focus on their tangible assets rather than the lessons, values and ideals learned over a lifetime. These intangible assets will easily be the most cherished of all their assets. Discussing the end of your life and your will with family and beneficiaries can be a good starting point for divulging these life lessons and allow for greater collaboration between family members’ financial lives. Doing so can help you to be remembered for the guidance you provided not just the money you bestowed. And most importantly, discussing your will and reasoning for naming beneficiaries and making certain bequests can prevent disappointment and anger aimed at the deceased. Whether the deceased likes it or not, beneficiaries or assumed beneficiaries develop expectations about their inheritance when guidance is not provided.

“A will should be the most exciting document you write” Deans posits that what makes death seem so final and depressing to some is the idea that nothing one does continues after death. In an ideal world, discussing bequests with beneficiaries prior to one’s death could lead to beneficiaries teaching the one doing the giving about how those assets will be used. This not only provides the giver with some comfort about how a lifetime of assets will be spent/used but it also helps embed expectations for inheritors and helps prevent inheritors from making bad financial decisions with the giver’s money.

Current Rates & Data

Govt of Canada

90 day	0.44%
1 year	0.59%
2 year	0.78%
5 year	1.10%
10 year	1.72%
30 year	2.39%

U.S. Treasury

90 day	0.53%
1 year	0.80%
2 year	1.21%
5 year	1.92%
10 year	2.44%
30 year	3.03%

Canada Prime Rate

2.70%

U.S. Prime Rate

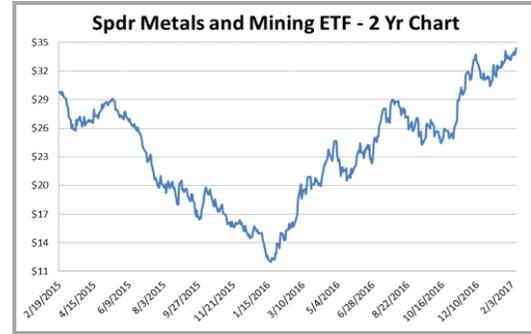
3.75%

Exchange Rates

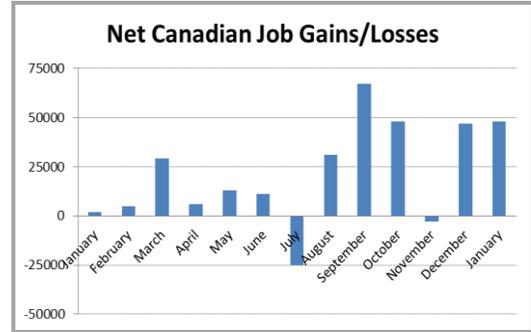
CAD/USD	0.765
USD/EUR	1.060
JPY/USD	113.7

ECONOMIC TIDBITS INVESTORS MAINTAIN THE TRUMP TRAIN & CANADA: THE EMPLOYMENT MACHINE

- Over the past month, metals rallied as investors continue to favour the inflationary effect of Trump's policies relating to business regulations, tax and infrastructure over the deflationary effect of Trump's immigration and travel policies. That said, U.S. dollar weakness and gold strength during this period highlights the investors' concerns with respect to the new administration's policies.



- After years of limited employment growth due to mining and energy sector weakness, the Canadian economy can't stop creating jobs. Almost 100,000 jobs were created the past two months and 40,000 jobs have been added per month since August, the strongest six month period in 15 years. If recent jobs growth is sustainable, this is good news for Canadian economic growth, inflation and the Canadian dollar.



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

Dominant Industry Leaders Not Leading in Performance

- Gildan Activewear (GIL)** and **Michaels Companies (MIK-US)** are two ideas related to this theme.
- Gildan** is North America's largest generic clothing manufacturer. Gildan trades at ~17x trailing earnings, has virtually no debt and has historically grown revenues at a ~10% pace. Gildan currently trades at the low end of its historical trading range while its outlook remains positive. Gildan offers plenty of value going forward given its entrenched position as a key supplier in global clothing manufacturing and the trend towards high quality but lower priced, non-branded clothing. Gildan remains well positioned to make small acquisitions such as the recent Alstyle, Peds and American Apparel acquisitions, which face little competition and significantly add to Gildan's current earnings and future growth.
- Michaels** is the market leader in the North American arts and crafts industry. Michaels trades at 11x trailing earnings after over two years of mostly trading at the retailer average of 15-16x trailing earnings. Michaels' shares are down over 35% from the all-time high set in June 2016. This decline was instigated by a slowdown in same store sales growth in response to increasing competition and in turn narrowing margins. Michaels should face limited competition from e-commerce and it is the likely future leader in the online arts and crafts segment. Trump's "America first" mandate should result in higher U.S. economic growth going forward which should benefit discretionary retailers like Michaels.
- Feel free to ask a member of our team for more information on these securities.

JEANNINE'S TIP O' THE MONTH RRSP Contribution Deadline

The RRSP contribution deadline is **March 1 for the 2016 tax year**. Make contributions early to avoid the stress!

Raymond James tax documents are available online. Please refer to these documents to determine your year-to-date RRSP contributions and your investment income for the 2016 tax year.

This newsletter has been brought to you by Steele Wealth Management

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