

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.

LEISURE & RECREATION FIVE REASONS TO OWN AN IPAD

1. Portability

An iPad can easily fit in your bag or purse and can go almost anywhere. You'll be surprised at the number of things you can do when it is always within arm's reach.

2. Apps (Financial & Recreational)

With thousands of apps to choose from, tracking your investment portfolio and having fun has never been easier. Check out the *Bloomberg*, *Raymond James Equity Research* and *WorthWhile Magazine* apps in the iPad App Store! Check out *Angry Birds* too!

3. Videos

Want to stay informed on the latest news from around the world? With video streaming apps such as *CNN* and *BBC News*, you can now stay informed by having access to hundreds of news segments in just a matter of seconds. Or subscribe to *Netflix* and watch movies anywhere with an internet connection!

4. Reading

Every iPad now comes with the built-in application *iBooks* which gives you the opportunity to purchase and download virtually any book and read it on your iPad. If you're a heavy reader, it might be worth giving the *Oyster* app a try which allows you to read an unlimited number of books for a low monthly fee.

5. Ease of Use

With its intuitive design, the iPad is notoriously easy to use. In addition, a built-in app slash personal assistant named *Siri*, makes the device even easier to use. *Siri* will type, answer questions, find reviews, book reservations and much more.

RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

CIBC Preferred O (CMO.PR.O)

- CIBC is the smallest of Canada's big five banks by market capitalization
- The shares are callable or reset at 2.32% + the 5-year GofC bond on July 31st, 2019
- At \$25.34, the issue has a yield-to-call (soft) of 3.74% and is rated Pfd-2

Enbridge Preferred N (ENB.PR.N)

- Enbridge operates the world's longest crude oil and liquids transportation system
- The shares are callable or reset at 2.65% + the 5-year GofC bond on Dec 1st, 2018
- At \$24.94, the issue has a yield-to-call (soft) of 4.08% and is rated Pfd-2L

Current Rates & Data

Govt of Canada

90 day	0.92%
1 year	1.00%
2 year	1.09%
5 year	1.50%
10 year	2.19%
30 year	2.75%

U.S. Treasury

90 day	0.02%
1 year	0.08%
2 year	0.45%
5 year	1.62%
10 year	2.50%
30 year	3.33%

Canada Prime Rate

3.00%

U.S. Prime Rate

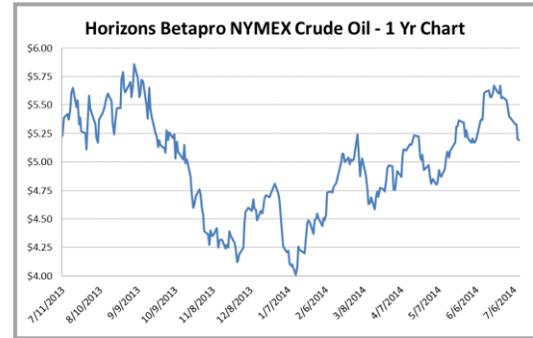
3.25%

Exchange Rates

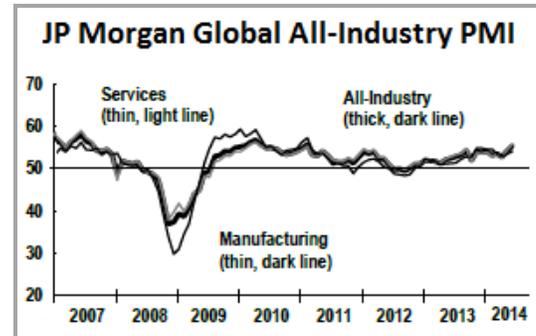
CAD/USD	0.937
USD/EUR	1.360
JPY/USD	101.2

ECONOMIC TIDBITS STIMULUS TRUMPS “SELL IN MAY” AGAIN & THE ECB HITS THE LOWER BOUND

- Oil prices reached the **highest level in 9 months** as turmoil in Iraq pushed investors to bid up oil prices. The radical group ISIL (Islamic State in Iraq and the Levant) took control of most of central Iraq and threatened to take Baghdad. Despite the increased uncertainty in the region, Iraq’s major oil fields remain in the hands of the Iraqi and Kurdish governments, and oil prices have since weakened.



- After a weak Q1 2014 wrought by inclement weather, global economic activity picked up in Q2 with the JP Morgan Global All-Industry Purchasing Manager’s Index (PMI) hitting its highest level in over three years. The **U.S. economy hit a cycle high** after seeing a 2.9% annualized GDP decline in Q1 and the **UK saw the strongest rate of growth** in the 16 years of available survey data.



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

Some Undervalued Brands are Standouts in the Choppy Consumer Discretionary Sector

- Performance Sports Group (PSG)** and **Lululemon Athletica (LULU)** are two investment ideas related to this theme.
- Performance Sports Group** (formerly Bauer Performance Sports) recently purchased Easton-Bell’s Baseball and Softball segment. The deal will make PSG the market leader in hockey and baseball, diversifying its revenues and allowing for a less seasonal earning profile. PSG trades at 17.5x trailing pro forma earnings and has a low debt-to-equity ratio of 0.2x. This valuation is low for a company with resilient brands that face limited competition and a company that has plenty of room for future growth, both through geographic expansion (e.g. Europe, South America) and segment diversification (e.g. soccer, football). For comparison, Nike, which formerly owned Bauer, trades at 23x trailing earnings (ex-cash).
- Lululemon** stock has fallen over 50% ever since its pant sheerness issue in early 2013. With the stock trading at 19.5x trailing earnings (ex-cash) and 18.5x guidance earnings (ex-cash), it looks attractive. Though margin contraction will likely continue, revenues and earnings are expected to grow at a rate well above average. Paying the market multiple for a strong brand and superior growth is a rare occurrence.
- Feel free to ask a member of our team for more information on these securities.

REGISTRATION OPEN – SIGNUP NOW

We invite you to a thought-provoking and inspiring event featuring the author of **WILLING WISDOM** **Dr. Tom Deans** and a **Panel of Experts** on **Wednesday October 8, 2014 at 5:45pm – 8:45pm**

Register online now at <http://events.SignUp4.com/wwri> or call (519) 883-6030

This newsletter has been brought to you by Steele Wealth Management

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