

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.

JEFF MEIER ESTATE PLANNING ADVISOR FOR SOUTHWESTERN ONTARIO

We are excited to announce that **Jeff Meier has joined Raymond James as an Estate Planning Advisor for Southwestern Ontario** and will be working out of our Steele Wealth Management location in Waterloo. Jeff's passion and enthusiasm, coupled with his experience and knowledge of our business make him an excellent addition to our team. Jeff will work with our clients seeking estate planning advice and/or insurance solutions.

After an exciting career with the Canadian Forces, Jeff passionately pursued his interest in the financial services industry. After 2 years working corporately at a Canadian financial services company, he focused his energies within the insurance and estate planning areas for the past 15 years. Most recently, Jeff managed the Insurance, Estate and Group Benefits Division within one of the larger branches at a major independent Canadian financial institution.

Using his extensive industry knowledge, Jeff creates **customized personal and corporate financial plans** for professionals, small businesses, and corporations seeking effective tax reduction, retirement planning and estate planning solutions. These plans are designed to **minimize taxes and maximize personal and corporate asset and income positions**.

For more information regarding the financial planning services that Jeff provides, please contact him at jeff.meier@raymondjames.ca or contact a member of the Steele Wealth Management team.

RIDING THE CURVE A CATALOGUE OF OUR MONTHLY FIXED INCOME FAVOURITES

PIMCO Monthly Income Fund (PMO005)

- PIMCO MIF is a global “go-anywhere” fixed income fund which seeks to maximize current income, preserve capital and attain capital appreciation when possible
- Targets a 4% annual distribution and as of 05/31, the fund has a duration of 2.73 yrs

Lysander Corporate Value Bond Fund (LYZ801A)

- Lysander CVBF invests primarily in fixed income securities with “deep value” traits
- Lysander's size and reputation provides it with access to many deals that are unavailable to most bond funds such as the Blackberry convertible bond issue
- As of 03/31, the fund had a yield-to-maturity of 4.1% and a duration of 2.8 yrs

Current Rates & Data

Govt of Canada

90 day	0.54%
1 year	0.51%
2 year	0.45%
5 year	0.75%
10 year	1.65%
30 year	2.33%

U.S. Treasury

90 day	0.01%
1 year	0.24%
2 year	0.64%
5 year	1.66%
10 year	2.40%
30 year	3.19%

Canada Prime Rate

2.85%

U.S. Prime Rate

3.25%

Exchange Rates

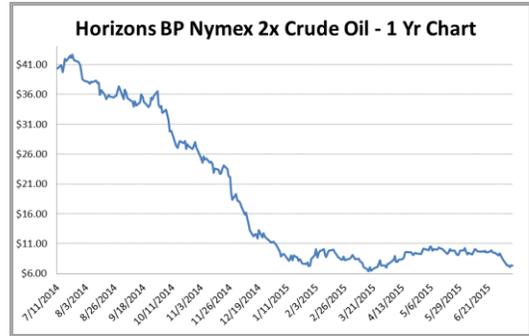
CAD/USD	0.784
USD/EUR	1.101
JPY/USD	123.3

ECONOMIC TIDBITS *GREECE SAYS NO TO CREDITORS & IRAN AND THE UNSC P5+1 MAKE A DEAL*

- In the July 5th referendum, the Greek populace **voted a decisive “No” to the bailout proposed by European creditors** and its demands for new austerity measures. Greece is in default of its IMF loans and requires a new bailout to fund every day government expenses. Greek and EU policymakers have reached an agreement. The new bailout is expected to face opposition in Greek parliament.



- On July 14th, Iran and the UN Security Council P5+1 announced that the nuclear cooperation agreement has been finalized. The agreement **limits Iran’s ability to enrich uranium, allows for unlimited inspector access to Iranian nuclear sites and details the timeline of Western sanction removal**. Iran expects to boost oil production by 1 million barrels per day in the coming years.



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

“Buffett-Like” Stocks Have Skirted the Recent Market Volatility Due to Earnings and Growth Stability

- **Richelieu Hardware (RCH)** and **Algoma Central (ALC)** are two investment ideas related to this theme.
- **Richelieu** is a distributor of specialty hardware products in North America. Richelieu primarily supplies hardware retailers that cater to general contractors making it an indirect way to play the U.S. housing market recovery. Richelieu has boosted revenues well over 10% for the past 18 months since it began to aggressively grow its operations. We believe Richelieu has plenty of room to grow and will continue to find acquisitions that are earnings accretive as the hardware supply market remains highly fragmented. Richelieu currently trades at 24x trailing earnings and 20x ex-cash. We expect Richelieu to aggressively buy back shares or make acquisitions with cash or debt, further improving its valuation relative to peers.
- **Algoma Central** owns the largest dry-bulk cargo fleet in the Great Lakes as well as real estate in Southern Ontario. Algoma’s business is incredibly stable with most of its revenues tied to long-term contracts with major grain, steel and energy companies. Low oil prices will help lower Algoma’s expenses relative to the past and could spark greater economic and export activity in the Great Lakes, boosting Algoma’s revenues. Algoma is very attractive when you add these improving trends to Algoma’s valuation of 13x trailing earnings and net debt of \$57M (or net cash of ~\$108M if Algoma monetized its real estate).
- Feel free to ask a member of our team for more information on these securities.

JEANNINE’S TIP O’ THE MONTH *REDUCED RIF MINIMUMS RECEIVE ROYAL ASSENT*

The 2015 Federal Budget has received Royal Assent. Accordingly, the reduced RIF minimums are law effective immediately. Please note that the reduced minimums for 2015 will only take effect by making the request to do so. Minimums will automatically update for the 2016 calendar year. Please contact us if you have any questions.

This newsletter has been brought to you by Steele Wealth Management

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