

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.

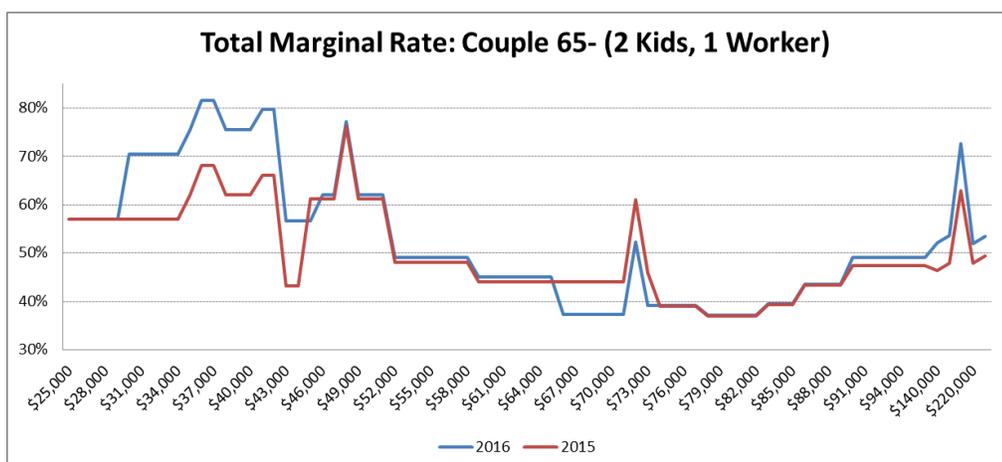
TAX RATES COMPARING "TRUE" MARGINAL TAX RATES: 2016 VS. 2015

The tax rates we present in this example are the true marginal tax rates which are calculated by adding clawback of relevant government transfers to marginal tax rates.

Little has changed for those aged 65+. The only noticeable changes are the 1.5% reduction in the federal tax rate between ~\$45,000 and ~\$90,000 and the 4% increase in the federal tax rate over \$200,000. This means less tax payable on RRSP withdrawals and pension income for most couples 65+.



For those with children, the marginal tax rate has evolved somewhat. The incentive to contribute to an RRSP has gone up for those with family income between \$30,000 and \$45,000 (due to Canada Child Benefit (CCB) clawback), has gone down or is the same from \$45,000 to \$90,000 (due to higher CCB clawback offsetting tax reductions and the elimination of the Family Tax Cut) and has gone up for incomes over \$90,000 (due to higher CCB clawback). The effective tax rate is now ~50% for incomes over \$90k.



Current Rates & Data

Govt of Canada

90 day	0.50%
1 year	0.51%
2 year	0.50%
5 year	0.57%
10 year	1.12%
30 year	1.79%

U.S. Treasury

90 day	0.27%
1 year	0.54%
2 year	0.73%
5 year	1.14%
10 year	1.62%
30 year	2.42%

Canada Prime Rate

2.70%

U.S. Prime Rate

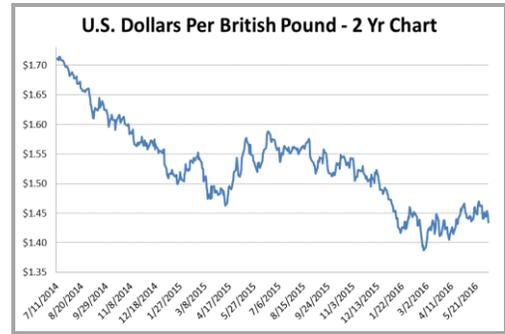
3.50%

Exchange Rates

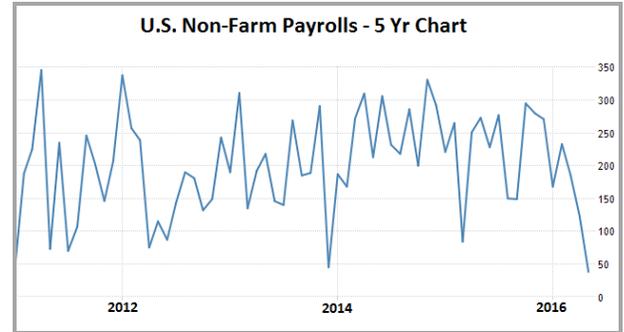
CAD/USD	0.775
USD/EUR	1.127
JPY/USD	105.7

ECONOMIC TIDBITS BREXIT POLLS NARROW & THE U.S. JOBS MACHINE GRINDS TO A HALT

• In several polls across the UK, the “Leave” (the EU) camp has taken the lead from the “Stay” (in the EU) camp. Policymakers are concerned that if a majority of the UK populace votes to leave the EU on June 23rd, it could have dire consequences for the UK, EU and global markets. Despite the potential for market disruption, it is fair to remember that there is a two year negotiating period following a “Leave” vote.



• The U.S. dollar and U.S. and Canadian interest rate expectations plummeted on June 3 after a dismal U.S. jobs report showed only 38,000 new jobs were added to the U.S. economy in the month of May. It was the worst U.S. jobs report in six years and stokes skepticism about the strength of the U.S. economy. The May U.S. jobs number may be blip as the report was affected by a temporary strike at Verizon.



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

Self-Driving Cars Will Enhance Economic Productivity and Save Countless Lives

- **Mobileye (MBLY)** and **Autoliv (ALV)** are two ideas related to this theme.
- **Mobileye** is the leader in vision based advanced driver assistance systems (ADAS) which help mitigate vehicle collisions. Mobileye has relationships with 13 different automakers including GM, VW and Tesla. GM and VW plan on using Mobileye vision systems currently installed in their vehicles to create a robust road-level map. GM predicts that they can create maps and guidance systems that are 30x more accurate than current maps and guidance systems which will pave the way for self-driving cars. This continuously updated map could help solidify Mobileye as the leader in vision based ADAS. Mobileye trades at a rich valuation of 100x earnings and 30x sales which means it either has a bright future or is priced to fail.
- **Autoliv** manufactures car safety sensors including cameras that can detect pedestrians, night vision cameras that can detect upcoming obstacles and a smart seat belt that can restrain passengers before collision occurs. Autoliv trades at 20x earnings and 1.2x sales. Autoliv is expected to benefit from the near-term push to make cars safer and provide systems to make human drivers better. In the long-term, Mobileye and similar companies will likely eliminate the need for most Autoliv products.
- Feel free to ask a member of our team for more information on these securities.

JEANNINE’S TIP O’ THE MONTH Raymond James Announces Agreement to Acquire Quebec’s 3Macs

In May, Raymond James announced its agreement to acquire 3Macs. The acquisition will significantly accelerate Raymond James’ growth strategy in Quebec and other key centres across Canada and meets the firm’s highly selective parameters for cultural fit and ease of integration. The acquisition, which is subject to regulatory approval, will add 72 new investment advisors and portfolio managers and increase Raymond James Ltd.’s assets under administration by CDN\$6 billion to CDN\$33 billion.

This newsletter has been brought to you by Steele Wealth Management

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