

Taking Stock with Steele

Your Monthly Newsletter

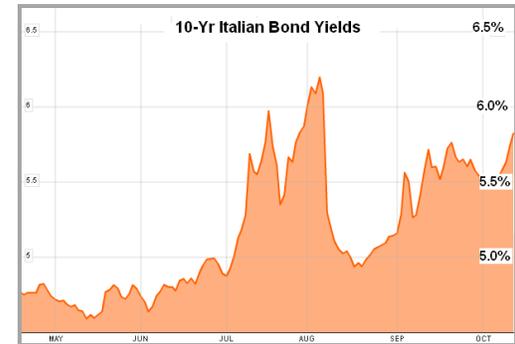
The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well-informed of changes affecting local business decisions and our investment recommendations.

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

ECONOMIC TIDBITS AN INVENTORY OF NOTABLE DATA AND INFO

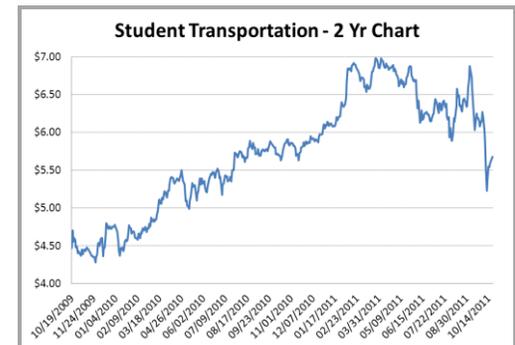
- Risk markets suffered a mini-2008-like selloff in late September, early October, with most risk assets simultaneously experiencing rapid declines. Little progress in formulating debt crisis solutions and little mention of bank recapitalization by European officials put investors on edge. Some U.S. banks were targeted in the selloff, particularly Morgan Stanley, Bank of America and Goldman Sachs, which saw their stock prices fall to levels not seen since early 2009.
- Equity markets bounced powerfully off of the lows made on October 4th, with Canadian equities hitting a 23-month low on that day, before rallying over 10% in ten days. The bounce can be attributed to progress towards a widespread plan of bank recapitalization in Europe and a slew of better-than-expected economic data in the U.S. We continue to remain cautious as Italian bond yields have continued to rise despite European Central Bank support and an increase in risk appetite. See Fig. 1 for a chart of Italian bond yields.

Fig. 1



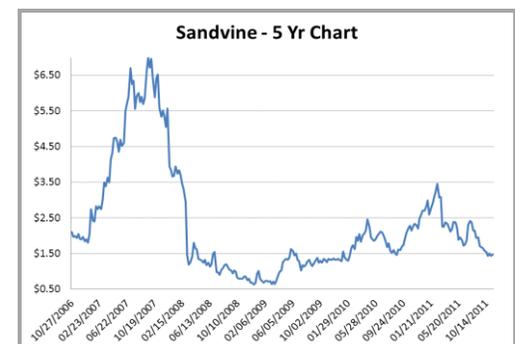
Data Source: Bloomberg.com

Fig. 2



Data Source: Market-Q

Fig. 3



Data Source: Market-Q

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

Secular Growth Stocks

- They are stocks whose investment theses are expected to endure for quite some time, whether we enter recession or not
- They can see revenue growth when economic growth is flat/negative
- **Student Transportation (STB)** and **Sandvine (SVC)** are two investment ideas related to this theme that are worth expanding on:
 - Student Transportation is a provider of school bus transportation services. Student Transportation is able to purchase profitable bus routes from ailing U.S. municipalities in need of quick cash. These routes are recession-resistant and can be purchased at prices that are immediately accretive to earnings. See Fig. 2 for 2-year chart.
 - Sandvine sells and services network management solutions. The increasing magnitude and complexity of data makes Sandvine's data analysis solutions increasingly more attractive to broadband and wireless service providers. See Fig. 3 for 5-year chart.

RIDING THE CURVE *A CATALOG OF OUR MONTHLY FIXED INCOME FAVOURITES*

Just Energy Debenture Maturing on June 30th, 2017 (JE.DB)

- Just Energy sells natural gas and electricity under long-term, fixed-price contracts
- This is a 5.7 year debenture with a conversion price of \$18.00 (current price: \$11.38)
- This debenture yields 7.30% until maturity at a current trading price of \$94

Dundee REIT Debenture B Maturing on December 31st, 2014 (D.DB.B)

- Dundee REIT owns and operates office and industrial real estate in Canada
- This is a 3.2 year debenture with a conversion price of \$41.40 (current price: \$31.83)
- This debenture yields 5.48% until maturity at a current trading price of \$101.50

Atlantic Power Debenture Maturing on June 30th, 2017 (ATP.DB.B)

- Atlantic Power owns and operates power and infrastructure assets in the U.S.
- This is a 5.7 year debenture with a conversion price of \$18.10 (current price: \$13.40)
- This debenture yields 5.19% until maturity at a current trading price of \$102

THE BIG PLAN *ESTATE PLANNING IS FOR EVERYONE, NOT JUST THE RICH*

Estate plans have three distinct goals: to reduce taxes/probate, avoid disputes and reduce legal expenses. These goals are shared by people of all measures of wealth.

What are the key steps in reducing taxes/probate?

- Naming beneficiaries for registered accounts (RRSPs, TFSAs, etc.) and life insurance
- Establishing a will so as to designate beneficiaries for non-registered assets
- Setting up living or spousal trusts and/or gifting assets prior to death
- Registering assets as Joint Tenancy with Rights of Survivorship

What are the key steps in avoiding disputes?

- Establishing a will that is somewhat equitable to your living spouse and dependents
- Informing key beneficiaries of any major bequests to charitable organizations
- Choosing a trustworthy executor that is impartial to the will's beneficiaries

What is the key step in reducing legal expenses?

- Creating a valid will that avoids court involvement with guidance of an estate lawyer. It is generally much cheaper to pay a lawyer prior to death than afterwards.

To summarize, at the very least, everyone should name beneficiaries where possible and establish a valid and equitable will, irrespective of asset base.

JEANNINE'S TIP O' THE MONTH *ENHANCING YOUR SWM EXPERIENCE*

Keeping track of passwords can be exhausting. Did you know BlackBerry has an application called the **Password Keeper** which can keep all your passwords in one secure location?

Current Rates & Data

Govt of Canada

90 day	0.74%
1 year	0.92%
2 year	1.04%
5 year	1.58%
10 year	2.35%
30 year	2.94%

U.S. Treasury

90 day	0.02%
1 year	0.10%
2 year	0.27%
5 year	1.09%
10 year	2.22%
30 year	3.22%

Canada Prime Rate

3.00%

U.S. Prime Rate

3.25%

Canada CPI Y-o-Y (Aug)

3.10%

U.S. CPI Y-o-Y (Aug)

3.80%

Exchange Rates

CAD/USD	0.986
USD/EUR	1.378
JPY/USD	77.08

This newsletter has been brought to you by Steele Wealth Management

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