

Happy New Year! ... and Welcome to 2018!



As is our tradition, in lieu of New Year cards or gifts we make charitable donations in honour of our clients of approximately 3% of all fees paid. Most donations go to organizations saving lives.

Important Topic: 2018 New Year Checklist

1. 2017 Tax Preparation

We are planning to email client tax packages in early March.

If you are planning on filing your taxes early please let us know so we can provide your information sooner.

2. RSP Contributions

Deadline for 2017 RSP contribution is March 1, 2018.

2017 Contribution limit is 18% of earned income (i.e. not from investments) to a maximum of \$26,010.

2018 Contribution limit is a maximum of \$26,230. One has until March of 2019 to make 2018 contributions but the sooner it is made, the sooner the funds can begin to grow.

3. TFSA Contribution

There is no deadline, however the sooner the contributions are made, the sooner the gains are no longer taxed.

2018 calendar year contribution limit is \$5,500. If you have missed any past years, you can catch up at any time.

4. RESP Contributions

There is no deadline, however the sooner the contributions are made, the sooner the government grant is received and the sooner gains are no longer taxed.

2018 Recommendation: \$2,500 per child (or \$5,000 per child if you have missed a past year)

5. Tax Planning Strategies for 2018

It is worthwhile to consider your expected income level for 2018. If this amount exceeds \$90,000 tax planning strategies can be very valuable.

You may wish to consider specific opportunities such as Flow Through shares.

6. Wills

Be sure that your Will is updated and reflects your current wishes. If you do not have one, I beg and plead with you to do so.

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7. Insurance Strategies

Review your needs and ensure your policies are appropriate. We include insurance strategies as a meeting agenda item. We can work together with you and Estate Specialists at TD Waterhouse Canada Inc. to show you how Life Insurance can be an important part of a long-term tax-efficient investment plan.

For contributions you can:

1. Deposit cash on-line from your bank account. (If you do not bank with TD Canada Trust (TD) you can set up your TD Investment Account as a Payee for an online bill payment).
2. Ask us to transfer securities or cash from your non registered accounts.
3. Send a cheque payable to TD Wealth to us at 5140 Yonge Street, Suite 1600, North York, Ontario M2N 6L7.
4. Deposit a cheque directly to your account at any TD branch – you will need your TD Investment Account number.

Market Update – Revisiting Lessons Learned

Even if we could predict future events, this does not translate in being able to predict market movements. As such there is little value provided in even trying to predict the unpredictable future. Therefore any and all time spent in this endeavour should be recognized for what it is – entertainment. At this time of year, strategists and financial journalists were stepping over each other to pound the table with their view on the stock market movements in 2018. We believe that you should not care.

Short term market movements tend to be tied to psychology and moods.

Long term market movements tend to be tied to fundamentals.

Annual returns are very volatile, fluctuating greatly. No one knows what the market will do in any one year therefore we focus on how we think investments will do over the longer term, we focus on fundamentals.

Long term returns are what will help to determine when you can retire and with what lifestyle.

Statistically the relationship between the one year return and the 5, 10 or even 20 year return barely exists.

In other words, one year's return tells you essentially nothing about the stock market's future long-term return -- which, to repeat, is what matters.

Reacting to short term market movements in the moment is a danger as doing so risks taking the wrong action at the wrong time. Vanguard research shows this to be true again and again. Feeling compelled to react, many investors end up abandoning a successful thought-out long-term plan with the result often being lower long-term returns. (Vanguard)

Conclusion: Focus on what matters

Invest prudently, carefully, diversified and with an emphasis on fundamentals.

Then focus your attention on what truly matters in life - relationships, personal improvement, community involvement and activities that speak to your soul.

We remain invested, and looking forward, we remain optimistic for the medium and long term but cautious for the short term as valuations are above fair value. Due to valuation levels we prefer to avoid the Indices (inexpensive exposure to an entire market) and prefer investing with active managers who are very selective. This is a time to carefully distinguish between under and overvalued investments.

For the Quarter the bond market was up 1.4%, the Preferred market was up 1.5%, the Canadian market was up 4.3%, the US market was up 5.9%, International markets were up 2.7%, the Emerging markets were up 5.4% and the Real Estate market was up 2.7%. Reuters

For the Year, the bond market was up 2.4%, the Preferred market was up 12.7%, the Canadian market was up 9.2%, the US market was up 14.1%, International markets were up 22.9%, the Emerging markets were up 28.5% and the Real Estate market was up 7.7%. (Reuters.com)

Have a great 2018 and let us know if there is anything we can do for you,

Meir

