

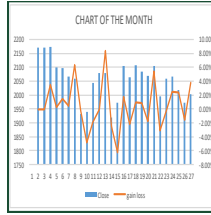
***“Fear, greed and hope have destroyed more portfolio value than any recession or depression we have ever been through.” - James O’Shaughnessy***



**Sergio Simone**  
EDITORIAL  
COMMENT



**Kristina De Souza, CFP**  
TRUSTED CONTACT  
PERSON



**THE MOST IM-  
PORTANT CHART ON  
INVESTING YOU’LL  
EVER SEE**



**Ryan Simone, CFP, CLU**  
YEAR-END FINANCIAL  
PLANNING  
CHECKLIST

### Editorial Comment



Sergio Simone

As we approach the final month of 2021, I thought it would be a good time to remind investors that Mutual Fund investing is a long-term endeavor. Keeping money invested over the long haul means that investors get the full benefit from all the short term rises in the markets.

I’m the first to admit it would be wonderful to live in a world where markets continuously rise, but let’s be realistic, this is never going to happen with any investment platform.

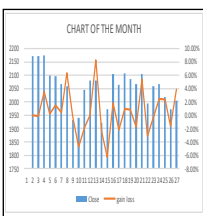
### Trusted Contact Person, What You Need To Know



Kristina De Souza, CFP

With an increasingly aging population, issues surrounding staying protected from financial abuse are top of mind. When it comes to aging, our attention is often drawn more to retirement and estate planning and less to vulnerability and fraud. The Government of Canada confirms that fraud is currently the leading crime against seniors.

### The Most Important Chart On Investing You’ll Ever See



Here is a basic truth: stock prices rise and fall. Of course, literally speaking, this statement is true. But it’s misleading. That’s because the statement is incomplete; it’s not really accurate to say that stock prices “rise and fall”.

Oh sure, on any given day, prices might rise or fall, but over long periods it’s more accurate to say that prices in the overall stock market rise a lot but fall a little, as shown in the image.

### Year-end Financial Planning Checklist



Ryan Simone, CFP, CLU, CHS

Hard to believe we’re almost at the end of another year. Seems like just yesterday I was sitting in my kayak with the hot sun beating down. But here we are closing in on the end of November, so what better time than now to go over a year-end financial planning checklist.

## KRISTINA DE SOUZA

You did it!  
*Congratulations*



We are delighted to announce that Kristina De Souza's CFP certification has been approved and Kristina is now a **CERTIFIED FINANCIAL PLANNER**® professional. This means that Kristina can now identify herself as a CFP professional.

As a CFP professional Kristina joins a select group of professionals, who have demonstrated the knowledge, skills, experience and the ethics to examine their clients' entire financial picture, at the highest level of complexity required of the profession.

As the most widely recognized financial planning designation in Canada and worldwide, the **CERTIFIED FINANCIAL PLANNER**® designation provides assurance to Canadians that the design of their financial future rests with a professional who will put their client's interests ahead of their own.

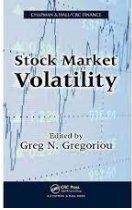
There are approximately 17,000 CFP professionals across Canada, part of an international network of more than 175,000 CFP professionals in 26 territories around the world.

To obtain the CFP designation, candidates must complete a rigorous education program, pass a national exam and demonstrate three years of qualifying work experience. To maintain certification, CFP professionals must keep their knowledge and skills current by completing 25 hours of continuing education each year. They must also adhere to the FP Canada Standards Council "**Standards of Professional Responsibility**", including a Code of Ethics which mandates that CFP Professionals place their clients' interests first. The Standards Council vigilantly enforces these standards.

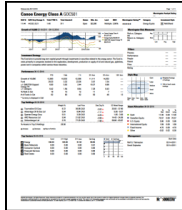
Congratulations again and we all wish Kristina great success as a CFP professional!

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BOOK OF THE MONTH



FUND OF THE MONTH  
MANULIFE FUNDAMENTAL BAL. CLASS



INVESTMENT TERMINOLOGY

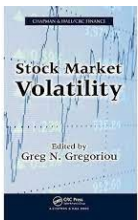


BLOG OF THE MONTH  
INTERNATIONAL MONETARY FUND

**BOOK OF THE MONTH**

**STOCK MARKET VOLATILITY**

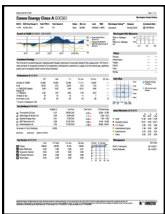
- by Greg N. Gregoriou



Taking into account the ongoing worldwide financial crisis, Stock Market Volatility provides insight to better understand volatility in various stock markets. This timely volume is one of the first to draw on a range of international authorities who offer their expertise on market volatility in developed, emerging, and frontier economies.

**FUND OF THE MONTH**

**MANULIFE FUNDAMENTAL BALANCED CLASS**



The Fund invests in a diversified portfolio of Canadian equity, fixed income and money market securities. The equity portion will primarily be invested in Canadian securities. A smaller portion may be invested in U.S. and/or international equity securities. The fixed income portion will primarily be invested in a diversified portfolio of fixed income and money market securities. The fund may also enter into forward contracts.

**CAPITAL STRUCTURE**



A company's capital structure is the combination of the debt and equity it uses to finance its long-term operations and growth. Debt generally comes in the form of bonds and loans, while equity broadly consists of common stock and preferred stock. Investors can look at the capital structure as the master financial blueprint of the firm. It can tell you which securities (bonds or stocks) might rank first when it comes time to distribute company profits, and which securities come later in line. It can also indicate which investors may benefit most in a reorganization.



**BLOG OF THE MONTH**

**WHEN INEQUALITY IS HIGH, PANDEMICS CAN FUEL SOCIAL UNREST**

In the months and years following previous pandemics, the countries most affected saw a rise in social unrest. Based on this historical trend, the COVID-19 pandemic could pose a threat to the social fabric in many countries, but these trends do not pre-determine an outcome.

We take a closer look into this issue in a new IMF staff working paper by analyzing the effect of past major pandemics in 133 countries over 2001–18: SARS in 2003, H1N1 in 2009, MERS in 2012, Ebola in 2014, and Zika in 2016. As shown in our chart of the week, social unrest increased consistently following each of these outbreaks. The International Country Risk Guide's civil disorder score, which is a high frequency and cross-country measure of social unrest, increased significantly, on average, one year after the pandemic.



## PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

### **IE** INVESTMENT EXECUTIVE

#### [LANDMARK TRANSPARENCY DEAD- LINE LOOMS FOR TRUSTEES](#)

Trustees and beneficiaries are preparing for a historic dose of transparency as a landmark tax filing deadline approaches.

Any non-resident trust that files a T3 tax return and virtually all express trusts resident in this country will have to turn over beneficial ownership information to the Canada Revenue Agency (CRA) for taxation years ending on or after December 31. The changes, which appeared in the 2018 federal budget and were detailed in draft legislation later that year, force trusts to reveal the identity of all trustees, beneficiaries and settlors, as well as the name of any person who can control the



#### [SELLING THE FAMILY BUSINESS? THE TAX RULES ARE IN FLUX](#)

If you are considering transferring your incorporated business to a family member, you may be wondering about the tax implications. Recent tax changes, along with conflicting statements by the Department of Finance, have resulted in confusion regarding the tax treatment of intergenerational business transfers. Let's review the history of the tax rules governing these transfers, how they have changed, and what future amendments we may still expect this fall.

A corporation may distribute its after-tax earnings by paying dividends to its shareholders, who will then pay personal tax on that dividend income.



#### [SHOULD HIGH NET WORTH PEOPLE BUY LIFE INSURANCE OR SELF-INSURE?](#)

It's probably not unusual for people with high net worth to assume they don't need life insurance. After all, when you have a certain amount of money, you might consider yourself essentially self-insured.

But self-insurance is no insurance.

That can be true even for high net worth individuals. People with high net worth usually also have high living expenses and high debts. Even a large estate can be drained in surprisingly little time in the absence of a family's primary income earner.



#### [WEALTHY CHINESE SHIFT FOCUS FROM MAKING MONEY TO PROTECTING IT](#)

China's rich aren't sleeping well these days. As President Xi Jinping's campaign to redistribute income gains momentum, the wealthy are on the defensive, deleting social media profiles and moving money around with an eye toward the next crackdown.

The new emphasis on protection is a shift for the upper classes, who have for years benefited from stellar economic growth and a relaxed official attitude to personal fortune. The country created a new billionaire every week in 2021, bringing the total to more than 750 -- more than India, Russia and Germany combined



# CORPORATE CULTURE



## FAMILY SUCCESSIONS: 5 TIPS MANAGING EMOTIONS AND AVOIDING CONFLICT

You're about to retire, and the ambitious daughter you hoped would be an ideal successor announces she wants out of the business. Your brother jumps at the opportunity to run the company, but you don't feel he's got what it takes. Resentment boils over, and family turmoil threatens to sink your firm.

Unfortunately, this is a typical scenario at many family-owned companies. Emotional issues can create a volatile dynamic in these types of situations. In the end, those emotions can get in the way of making decisions that are good for the business.



## HOLDCOS FOR INVESTMENT PURPOSES

Many Canadians own investment portfolios through a holding company (a "Holdco") for a variety of reasons. But how are income and gains earned on investments held inside the Holdco taxed? This report will look at the combined tax effects of earning investment income inside a Holdco, taking into consideration both the corporate level tax and the shareholder tax on the distributed dividends. We will also look at any deferral (dis)advantage.

Investment income and gains earned in a Holdco are taxed inside the corporation. The tax rate varies depending on the province or territory in which your Holdco resides as well as on the type of investment income or gain earned



## IMPORTANCE OF SHAREHOLDERS' AGREEMENTS - THE BUSINESS PRENUP

A shareholders' agreement is an agreement between the shareholders of a company which generally sets out the shareholders' rights, privileges and obligations along with the foundation of how the corporation will be set up, managed and run. Having a shareholders' agreement is a cost effective way of minimizing any issues which may arise later on by making it clear how certain matters will be dealt with and by providing a forum for dispute resolution should an issue arise down the road. Taking the time to sit down and discuss certain issues from the beginning can help eliminate disagreements between shareholders and ensure that everyone is on the same page.



## 5 WAYS TO USE YOUR CORPORATION TO INVEST AND SAVE TAXES

We all want to save money wherever we can, right? The good news is there are lots of strategies business owners may not know about to save taxes and improve their financial outlook, today and in the future.

Too many business owners and incorporated professionals don't properly utilize their corporations when it comes to current, future, and end-of-life investment and tax-saving opportunities.

Do you own a corporation and want to maximize your investments and save taxes today, during retirement, and at the end of your life? Then here are five ways you



FUND MANAGER COMMENTARY



TIM MURRAY  
T. ROWE PRICE



ERIC SAVOIE  
RBC GLOBAL ASSET  
MANAGEMENT



RAFI TAHMAZIAN  
CANOE FINANCIAL



MYLES ZYBLOCK  
DYNAMIC FUNDS

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**Tim Murray, Capital Markets Strategist**



**T. Rowe Price**

**Supply Bottlenecks May Be Peaking**

The coronavirus pandemic caused a sudden and unprecedented stop and restart of the global economy. Although consumer demand has since rebounded rapidly as vaccination campaigns have progressed, a corresponding restart of global supply chains has lagged, causing

[Continue Reading](#)

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**Eric Savoie, Investment Strategist**



**RBC Global Asset Management**

**Economy Slows And Volatility Spikes As Risks Brew**

Momentum in the recovery appears to have peaked and tougher days for the economy likely lie ahead as challenges mount and the stimulus that has been in place since the early days of the pandemic starts to fade. Growth is slowing even as the expansion moves ahead and the contours of a post-COVID economy come into view.

[Continue Reading](#)

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**Rafi Tahmazian, Senior Portfolio Manager & Director**



**Canoe Financial**

Rafi Tahmazian joined BNN Bloomberg to discuss energy supply/demand dynamics and potential political intervention to dampen prices. Rafi's view is that tapping the Strategic Petroleum Reserve would prove insignificant and provide temporary relief at best, and that digging into inventories to

[Watch Video](#)

---

**Myles Zyblock, Chief Investment Strategist**

**Dynamic Funds**



The road to higher ground has become somewhat rockier over the past month. Worries about inflation, Chinese real estate, the U.S. debt ceiling and energy costs have fed into asset class volatility (see Chart of the Month). Global stocks are about 4% off their recent highs and yields have jumped by 20 basis points. There could very well be more volatility immediately ahead, but this should not be allowed to cloud the bigger investment picture.

The global economic recovery is still on solid ground. Fiscal and monetary policy settings are far from restrictive for economic growth, the corporate earnings trajectory remains positively sloped and capital costs are abnormally low.

[Continue Reading](#)

KPW LIFE PLAN—IMAGINE YOUR FUTURE

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LINKS

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[Regulator Will Allow Banks, Insurers To Raise Dividends Effective Immediately](#)

Canada's banking regulator is

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New research finds money fears and anxieties linger from child

[Mortgage Pre-approvals Holds Surge As Economists Foresee Rate Hikes](#)

Canadians are scrambling to get mortgage pre-approvals and

[It's The Weirdest Time In History For Finance. What To Know About Bubbles In Cryptos, Meme Stocks, And NFTs.](#)

[Global Credit Conditions Set To Stabilize In 2022: Moody's](#)

The stability of the global credit environment should see

[Canada Revenue Agency Announces Maximum Pensionable Earnings For 2022](#)

[Canada's Labour Shortage Worsened By Feds' Pandemic Relief Programs, Say Analysts](#)


Workers 'in driver's seat' as options and mobility exacerbate

[Investing When Everything Is Expensive](#)

Let's start with bonds. The 30-year Treasury bond currently yields 1.95%. Over the trailing 10


[Why Diversification Matters.](#)

It is one way to balance risk and reward in your investment portfolio by diversifying your assets



[2021 COUPLES & MONEY STUDY](#)

The 2021 Fidelity Investments Couples & Money Study analyzes retirement and financial expectations, communication and preparedness among 1,713 couples, ages 25 years and older in a married or long-term committed relationship.



**VOLATILITY IN THE NASDAQ 100**

Despite its reputation for holding mostly Technology stocks, which can sometimes automatically be considered volatile growth stocks, the reality is that the Nasdaq 100 contains companies with very solid fundamentals that are deeply integrated into the modern economy. Its top holdings include Apple, Microsoft, Amazon, Google and Facebook, all powerful firms with wide reach and diversified business models that together make up over 40% of the index weight.

The result is that the index can be a victim of its own success, as dispersion of returns are measured from a higher bar relative to the broad market as well as the category average.

VIDEO AND PODCAST LINKS

['Release The Capital!': Banks Can Resume Dividend Hikes, Buybacks](#)

The Office of the Superintendent of Financial Institutions has lifted its pandemic era

[Wave Of Delayed Retirements And Departures To Further Strain Labour Market: RBC](#)

A surge in the level of Canadians

[Traditional 60/40 Portfolio Has Actually Reached Its Expiration Date](#)

High valuations of stocks and low yields on bonds mean the next

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EDITORIAL COMMENT - CONTINUED

If it was available, everyone would be invested there. Knowing that we are going to face periods of inevitable declines, whether across the entire market or within specific sectors we, as investors, must condition ourselves to avoid panicking. We must convince ourselves that the best approach is always to remain disciplined and focused on our long-term goals, so that we can be well-prepared for whatever market turmoil comes our way.

My FOUR key principles for mutual fund investing have not changed in 40+ years.

- Focus on the Long-Term
- Avoid market timing
- Maintain a well-diversified portfolio
- Avoid emotional investing

FOCUS ON THE LONG-TERM

History has proven time and again that markets eventually recover from downturns. The S&P 500 Index has delivered an annualized return of 11.21% since 1950 and has proven to be resilient even when faced with the worst the market can deliver.

Growth of a \$10,000 investment, 1950-2019



Crisis	Market low	1 yr later
Korean war	July 13, 1950	28.8%
Cuban missile crisis	September 23, 1962	33.8%
JFK assassination	November 23, 1963	25.0%
1969-70 Market break	May 26, 1970	43.6%
1973-74 Market break	June 12, 1974	42.2%
1979-80 Oil crisis	March 27, 1980	27.9%
1987 Stock market crash	October 19, 1987	22.9%
Desert storm	October 11, 1990	21.1%
Soviet coup d'état attempt	August 19, 1991	11.1%
Asian financial crisis	April 2, 1997	49.3%
Dot-com bubble crash / Sept 11 / Enron	October 9, 2002	33.7%
Invasion of Iraq	March 11, 2003	38.2%
North Korean missile test	July 17, 2006	25.5%
Subprime mortgage crisis	March 9, 2009	68.6%
<b>Average appreciation</b>		<b>33.7%</b>

Over the same period of time, there have been many instances where the index has experienced significant declines. Yet, as seen in the graph, the market recovered after every single negative event. Not only did it recover, it achieved new highs.

I do understand that investors are more emotionally sensitive to falling markets and it often leads to irrational decision making, but it's not al-

ways logical. The fact is that it is normal for markets to rise and fall and history has shown that rising Bull markets tend to last much longer than declining bear markets. The average Bull Market gain is 144% and lasts 55 months whereas the average Bear Market loss is 27% and lasts 14 months. (Bloomberg February 2020). So, a long-term investor will likely be happy more often than sad with their portfolio returns.

There is no doubt that corrections or recessions can be quite unsettling, but they are usually short-lived events, whereas good times during economic expansion last much longer than the bad times. Investors who remain focused on their long-term financial goals and accept that downturns are part of the economic cycle that will eventually run their course, are more likely to stress less about market volatility, and earn higher returns.

Many of the best returns in the markets have occurred immediately following a sharp decline.

Since 1950, following the worst 12-month periods of performance by the S&P/TSX Composite Total Return Index, the markets often followed with solid gains within the following year and significant gains over the next five years. Of course, this will only be experienced by focused, long-term investors who stay the course.

S&P/TSX Composite Total Return Index

	12-month return	12-month return following negative return	5-year return following negative return	
			(absolute)	(annualized)
December 1957	-21%	31%	72%	11%
May 1970	-24%	23%	49%	8%
September 1974	-31%	23%	168%	22%
June 1982	-39%	87%	227%	27%
August 2001	-33%	-9%	79%	12%
December 2008	-33%	35%	76%	12%
March 2020	-14%	?	?	?

AVOID MARKET TIMING

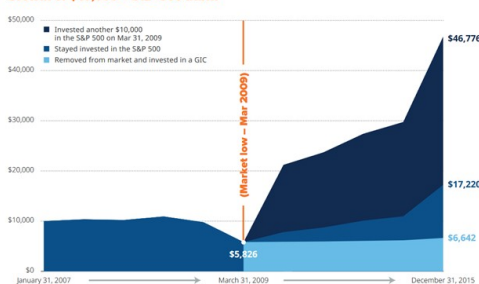
When markets fall, it is very tempting to sell your mutual funds and wait for stability to return to the markets before getting back in. Unfortunately, it is virtually impossible to know when the markets are going to rebound. Trying to time the market by buying a GIC or investing in a trendy sector may sometimes look like a smart move, but your long-term investment performance will likely be worse

than if you had simply stayed invested through the bad times.



## EDITORIAL COMMENT - CONTINUED

**Growth of \$10,000 – S&P 500 Index**



Source: Bloomberg, January 31, 2009 – December 31, 2015

If you are concerned about today's volatile markets, you can rest assured that it will be temporary. In almost 200 years, extreme market performance has been relatively rare with many more calendar years producing positive returns than negative ones. By focusing on the long-term an investor can withstand occasional bad periods along the way.

## MAINTAIN A WELL DIVERSIFIED PORTFOLIO

One of the most difficult tasks in portfolio creation is the allocation of funds. Deciding where to invest can be daunting. The best funds last year could be next year's losers. For this reason, I feel the best approach is a balanced approach, one that invests across multiple sectors, geographies and strategies. This is not to say that an investor shouldn't overweight in sectors they believe will outperform, but always ask yourself before committing to an overweight allocation, "What If I'm Wrong?". If you are wrong, do you have a "Plan B"?

### A diversified portfolio can help reduce volatility

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	YTD
<b>Best performers</b>	Global HY Bonds 38.2%	Can Equity 17.6%	Can Govt Bonds 10.2%	Global HY Bonds 10.5%	US Equity 41.3%	US Equity 23.9%	US Equity 21.6%	Can Equity 21.1%	Asian Equity 23.0%	US Equity 4.2%	US Equity 24.8%	US Equity 13.9%
	Floating Rate Loans 50.2%	Global HY Bonds 15.1%	Can Corp Bonds 8.2%	European Equity 16.5%	European Equity 33.6%	Can Equity 19.6%	Asian Equity 17.6%	Global HY Bonds 15.7%	European Equity 17.3%	Global Govt Bonds 1.9%	Can Govt Bonds 22.9%	Asian Equity 13.1%
	Can Equity 35.1%	Asian Equity 10.9%	Global Govt Bonds 6.4%	Asian Equity 14.2%	Asian Equity 19.5%	Global Govt Bonds 9.4%	European Equity 16.3%	Floating Rate Loans 9.9%	US Equity 13.8%	US Equity 1.9%	European Equity 17.5%	Can Govt Bonds 8.4%
	Global Neutral Bal 17.7%	Floating Rate Loans 10.1%	Global Bonds 6.3%	US Equity 13.4%	Can Equity 13.7%	Can Govt Bonds 9.3%	Global Neutral Bal 4.4%	US Equity 8.1%	Can Equity 9.1%	Can Corp Bonds 1.1%	Global HY Bonds 13.4%	Can Corp Bonds 7.9%
	Asian Equity 16.8%	US Equity 9.1%	US Equity 4.0%	Floating Rate Loans 10.4%	Global Neutral Bal 11.7%	Asian Equity 9.0%	Can Govt Bonds 3.8%	Can Neutral Bal 7.0%	Global HY Bonds 7.5%	Global Bonds 1.1%	Asian Equity 13.3%	Global Neutral Bal 6.1%
	Can Corp Bonds 16.3%	Can Neutral Bal 9.8%	Global HY Bonds 3.3%	Global Neutral Bal 7.4%	Can Neutral Bal 10.5%	Can Neutral Bal 8.2%	Can Corp Bonds 2.7%	Global Neutral Bal 4.9%	Global Neutral Bal 2.7%	Floating Rate Loans 0.5%	Global Neutral Bal 12.9%	Global Govt Bonds 5.9%
	Can Neutral Bal 15.6%	Global Neutral Bal 8.6%	Floating Rate Loans 2.1%	Can Equity 7.2%	Global HY Bonds 7.9%	Global Bonds 8.6%	Global Govt Bonds 1.9%	Global Bonds 3.7%	Can Neutral Bal 5.6%	Global Neutral Bal 2.8%	Can Neutral Bal 17.8%	Global Bonds 5.0%
	European Equity 15.3%	Can Corp Bonds 7.3%	Global Neutral Bal 0.6%	Global Bonds 6.5%	Floating Rate Loans 6.2%	Global Neutral Bal 8.5%	Global Bonds 1.6%	Can Corp Bonds 3.7%	Floating Rate Loans 3.6%	Global Neutral Bal 3.7%	Can Corp Bonds 8.1%	Canadian Neutral Bal 4.4%
	US Equity 7.4%	Can Govt Bonds 6.5%	Can Neutral Bal -0.9%	Can Corp Bonds 6.2%	Global Govt Bonds 1.0%	Can Corp Bonds 7.6%	Can Neutral Bal -0.2%	Global Govt Bonds 3.6%	Can Corp Bonds 3.4%	Can Neutral Bal -4.5%	Floating Rate Loans 7.7%	Can Equity 3.6%
<b>Worst performers</b>	Global Bonds 5.0%	Global Bonds 5.0%	Can Equity -8.7%	Can Neutral Bal 6.0%	Can Corp Bonds 0.8%	Global HY Bonds 3.3%	Floating Rate Loans -0.5%	Asian Equity 1.3%	Global Bonds 2.6%	Asian Equity -5.7%	Global Bonds 7.4%	Global HY Bonds 3.2%
	Can Govt Bonds 1.6%	Global Govt Bonds 2.8%	European Equity -8.9%	Global Govt Bonds 5.4%	Global Bonds 0.6%	Floating Rate Loans 2.5%	Global HY Bonds -2.0%	Can Govt Bonds 0.9%	Can Govt Bonds 2.2%	European Equity -7.2%	Global Govt Bonds 6.9%	European Equity 0.6%
	Global Govt Bonds 1.2%	European Equity -1.5%	Asian Equity -13.0%	Can Govt Bonds 2.6%	Can Govt Bonds -2.0%	European Equity 2.3%	Can Equity -8.3%	European Equity -3.8%	Global Govt Bonds 1.8%	Can Equity -6.9%	Can Govt Bonds 6.4%	Floating Rate Loans 0.5%

Source: Morningstar Direct, as at November 30, 2020, in CAD.

By diversifying across various asset classes, you can achieve greater consistency in returns and lower volatility in achieving those returns.

## AVOID EMOTIONAL INVESTING

Investors often have a difficult time managing their emotions. They tend to panic and sell just as markets are set to rise and get excited and buy just as markets are set to decline. Although you cannot control market volatility, you can control your emotional response to market volatility. I have noticed that the longer investors stay invested, the less reactive they are to market movements and the more they resist temptation to act impulsively.

These are four simple rules for successful long-term investing. When excessive volatility rears its ugly head, re-read these rules, stay calm and focus on the long-term. You will prevail.

Tim Murray - CONTINUED

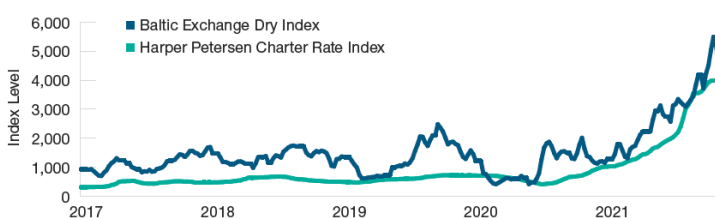
shortages and driving up prices globally.

Recently, the term “stagflation”—an economic environment featuring soaring inflation, high unemployment, and slow growth—has begun to creep into the economic discourse. A major area of concern is the shipping industry, where extensive labor shortages at ports are leaving many container ships waiting offshore for weeks to offload their cargo, driving up shipping costs.

A review of the Baltic Exchange Dry Index, which shows average prices for transporting dry bulk materials across more than 20 routes, and the Harper Petersen Charter Rate Index (HARPEX), which shows price developments in the global charter market for container ships, (Figure 1), illustrates the considerable rise in costs since early 2020. However, recent pricing trends—particularly in the HARPEX—indicate that issues may have at least stopped getting worse.

### Global Traffic Jam on the Seas May Be Abating

(Fig. 1) Shipping costs appear to have peaked

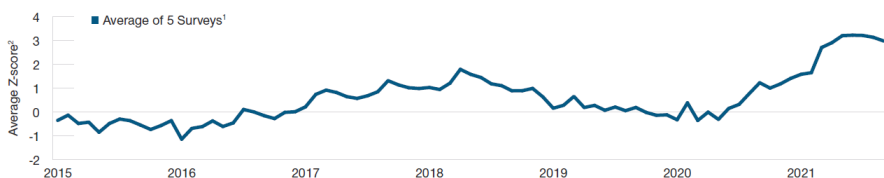


January 3, 2017, through October 15, 2021

Sources: The Baltic Exchange and Harper Petersen/Haver Analytics.

### Consumer Wait Times Could Ease

(Fig. 2) Supply delivery times may have stopped getting worse



January 1, 2015, through September 30, 2021.

**Past performance is not a reliable indicator of future performance.**

<sup>1</sup> Manufacturing surveys conducted in Chicago, Dallas, Kansas City, New York, and Philadelphia.

<sup>2</sup> A z-score is a numerical measurement that describes a value's relationship to the mean of a group of values. A z-score is measured in terms of standard deviations from the mean, with a positive value indicating the score is above the mean and a negative score indicating it is below the mean.

Sources: Federal Reserve Banks of Dallas, Kansas City, New York, and Philadelphia, MNI Market News/Haver Analytics. Data analysis by T. Rowe Price.

Supplier delivery times are another barometer for possible supply chain problems. In the U.S., these key data are tracked in monthly manufacturing surveys conducted in several U.S. Federal Reserve districts. An average of five of these surveys shows that delivery times began to deteriorate during the second half of 2020 and reached elevated levels during the summer of 2021 (Figure 2). However, the average leveled off in May and recently turned downward.

Overall, we are experiencing the impact of the mismatch in timing between the rebound in demand versus a ramp-up in supply. In our view, the worst appears to be behind us. While markets may face a challenging combination of high inflation and moderating economic growth in the near term, we believe that the longer-term economic outlook remains favorable.

## Trusted Contact Person, What You Need To Know —Continued

Discussions on topics like cognitive decline and social isolation are sensitive by nature, but these are issues that are highly relevant in the world we live. As such, within our industry increasing consideration is being given to avoiding becoming a victim of fraud.

However, we must be reminded that regardless of age, many people may not even realize that they are in an abusive situation, and this is where a Trusted Contact Person (TCP) comes in. As a compliance measure and added layer of protection for our clients we have begun implementing the process of electing a TCP. Although the name essentially says it all, I'd like to lay the groundwork for this new protocol.

As I mentioned earlier, financial regulators are increasingly concerned about financial exploitation of seniors and vulnerable clients and/or diminishing mental capacity. In response to concerning statistics, the Canadian Securities Administrators recently recommended that advisors ask their clients for the name of a "trusted contact person" (TCP) they can get in touch with if they have concerns about a client's financial exploitation or diminished mental capacity.

This Trusted Contact Person (TCP) will be the person we can reach out to if we are finding it unusually difficult to reach the client or if we are concerned about interactions with them that seem out of the ordinary. Some examples include but are not limited to – if we are unable to recognize the voice on a phone call, sudden erratic trading instructions that are not within our recommendations, or electronic messages that seem out of place.

The TCP is not to be confused with a Power of Attorney (POA), and although their functions complement one another, there are fundamental differences between the two. In short, POAs are formal legal documents subject to provincial/territorial law and TCPs are informal but recommended or required by investment compliance bodies.

The TCP will not have any trading authority over the accounts, nor will they receive any trade confirmations, statements or be provided information otherwise. The POA has authority to provide instructions if a client loses mental capacity or no longer wants to make decisions, but POA abuse has raised concern among regulators. Thus, it is strongly encouraged that a client names a TCP who is not a Power of Attorney nor has any financial interest in the account, such as a beneficiary, spouse or partner. The rationale is that a common TCP and POA may lead to potential conflicts of interest and may be a problem if we ever have concerns that the attorney is acting inappropriately.

Unlike the process of a POA, implementing a TCP is achieved through an informal document wherein the client identifies and consents to the release of information to the TCP. We would only reach out to this person if there were concerns about client behavior or transactions in client's account – without violating client privacy. To reiterate, the TCP has no authority to make financial decisions for the client.

Typically, the advisor should address issues with the client first, but may initiate contact with a TCP without client approval if needed. The POA is set in motion only with a client's mental incapacity to manage property, or when the client chooses to no longer make their own decisions – not upon suspicious account behavior. Thus, the TCP offers additional protection because we may initiate contact with TCP on reasonable concerns, or simply put to confirm that a problem exists. It's also important to note that a mentally capable client may terminate an existing TCP (withdraw consent to information disclosure) or make a new TCP replacing an existing one at any given time.

To benefit from an extra layer of protection, consider connecting your advisor to a close friend, family member or caregiver that can be trusted to ensure your best interests come first. You may designate more than one TCP, especially if elderly spouses are one another's primary TCPs. A TCP protects the client by allowing us to contact someone chosen by the client if there are concerns that client might need help, but also protects advisors by ensuring that they can legally release confidential information and intervene to prevent difficult situations from escalating.

When choosing a TCP, consider how the individual would handle the role, how they would react when called upon, and in turn how you would respond to them approaching you on the concerns. It's not only a sound way to provide for an additional safeguard for finances, but also an important part of sound financial planning. Your trusted advisor is often in the best position to assess your current financial situation, and any issues or changes that may arise over time. In the same respect, we are often in the best position to see changes in financial behavior that may indicate a problem. With a TCP, we have someone to contact with our concerns who also has your best interests at heart.

## Year-end Financial Planning Checklist—Continued

First, make sure to finish your Registered Education Savings Plan (RESP) contributions for this year and catch up on any missed contributions from last year. To receive the maximum 20% grant, you'll want to contribute \$2,500 per child before December 31st. If you've missed last year's RESP contributions, you'll also want to make sure to catch up on those before December 31st as well. This is because you are only allowed to catch-up on the previous years' missed contributions. So, if you miss three years in a row, the maximum grant you can receive will be on \$5,000 instead of \$7,500 ( $\$2,500/\text{child} \times 3 \text{ years} = \$7,500$ ). In other words, missing the previous year's contribution will cost \$500 in grant money.

Second, if you need to make a transfer or withdrawal, consider taking it from your TFSA because you'll get that room back plus 2022's contribution on January 1st.

For example, assuming your TFSA is maxed out, and you withdraw \$10,000, your contribution room on January 1st will increase by the \$10,000 you redeemed plus \$6,000. This is a useful strategy for someone looking to make a withdrawal that they intend to put back in one- or two-months time. This can also be a useful strategy for transferring one's TFSA to another institution. Instead of putting in transfer documents and waiting for money to move from one institution to another, you can just redeem the money at the end of this year and put it back at the beginning of next year.

Third, figure out your holiday budget ahead of time.

I've always found December to be the beginning of the 'expensive' months. Gifts, party's, travel, and food and drink can all add up. After a joyful holiday season, when it's time to pay off the credit card people often find they've spent well beyond their normal spending pattern. This can be particularly true for young families with kids who may have to put savings plans on hold until the coffers are built back up.

With budgets strained, we then move into RRSP season where January and February are when many of us make our final RRSP contributions for the previous tax year.

Given the importance of tax deductions and retirement saving, many of us can ill afford to miss these annual contributions. And of course, this all leads into April when we file our personal income taxes and pay the piper.

For self-employed individuals, this can mean large tax bills followed by the promise of future installments. Thus, I've always found December through to April to be big out-flow months. The good news is that this is solved for by proper budgeting in November and December. To make it easy, budgeting should be made in preparation for the RRSP contribution and estimated taxes owed.

This can be done by starting in reverse. Figure out how much you may owe in April, and then determine what RRSP contribution you should make. This will also help reduce what you owe come tax time. With those two amounts pre-determined, it should be easier to recognize if you're overspending during the holidays. And in case your quick on the credit card finger, you can still protect yourself by putting that pre-determined amount of money into a savings account rather than a chequing account. If you don't have the full amount, calculate what you would need to put away each pay check to get you there; then pay yourself first before you go shopping.

Lastly, make your charitable donations before December 31st. Donating to a charity is a great way to help make a difference and it can also benefit you from a tax perspective. You could receive upwards of 53% of the amount you donated back at tax time. And did you know you can also donate securities (i.e. stocks, mutual funds, bonds, etc.) directly to your favorite charity? When donating a security directly, not only can you eliminate the capital gains tax, but you'll also receive a tax receipt for fair market value on the date the security is received. Also, donations can be carried forward for up to five years. So, you could make smaller donations over the next five years, and then claim a larger donation tax credit. As an example of what type of tax credit you could receive: a \$5,000 donation in Ontario would make you eligible for a \$1,967.78 tax credit to be carried forward for up to 5 years.

Feel free to contact me if you require some help in setting up your year-end and new year planning.

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