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KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 7, ISSUE 2 FEBRUARY 2018

"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves." - ***Peter Lynch***

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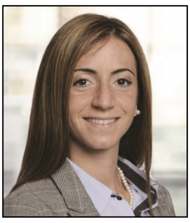
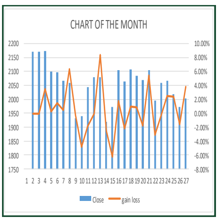
Sergio Simone
EDITORIAL COMMENT



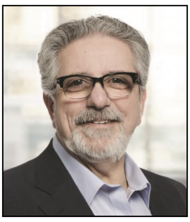
Kristina de Souza
HOW YOUR INSURANCE COVERAGE IS COVERED



MISSING A FEW GOOD DAYS CAN HURT A LOT

Ryan Simone
THE VIX REVISITED

Editorial Comment

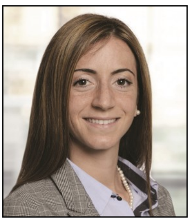


Sergio Simone

Finally, a correction, or should I say a great buying opportunity. Now is the time to pay attention to the market and especially the volatility in the market. It appears that the greatly anticipated and justifiable interest rate rises are finally coming. Now is also a good time to pay closer attention to European markets where interest rate levels still seem a little excessive.

Continue Reading

How Your Insurance Coverage Is Covered

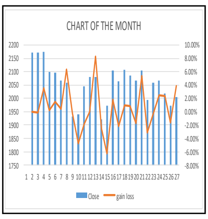


Kristina de Souza

We tend to address all of the ways in which insurance offers protection in an undesirable event, but perhaps it's time we talk about ways in which you are protected should an unlikely event take place with your insurer.

Continue Reading

Missing a Few Good Days Can Hurt A Lot—Volatility is an illusion.



The focus of the "Chart of the Month" is a response to the philosophical question of whether long-term investors should attempt to time the market with market induced sells and buys. To answer the question, Gerry Paul and Matthew D. Palazzolo calculated the average annualized return for all three-year rolling periods between 1988 and 2016. They then

Continue Reading

Ryan Simone

The VIX Revisited

With the market going into correction recently, it's time to check on our old friend the VIX (Volatility Index). I've written about this index in previous newsletters, but just to remind everyone: The VIX, which is a 'fear-index', shows the market's expectation of 30-day volatility.

Continue Reading

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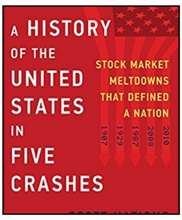


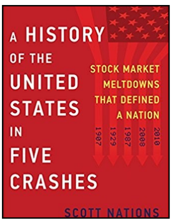
BOOK OF THE MONTH

FUND OF THE MONTH MACKENZIE GLOBAL DIVIDEND FUND

INVESTMENT TERMINOLOGY

PENSIONS

Book of the Month



A History of the United States in Five Crashes

By Scott Nations

The stories behind the great crashes are filled with drama, human foibles, and heroic rescues. Tales of a nation reaching enormous heights of financial power while experiencing precipitous dips that alter and reset a market where millions of Americans invest their savings, and on which they depend for their futures.

Fund of the Month—Mackenzie Global Dividend Fund

The Fund seeks long-term capital growth and current income by investing primarily in equity securities of companies anywhere in the world that pay, or may be expected to pay, dividends. The Fund may also invest in other types of securities that distribute, or may be expected to distribute income.

Investment Terminology

Stock Market Correction

Occurs when the market falls 10 percent from its 52-week high. Wise investors welcome it. A pullback allows the market to consolidate before going toward higher highs. Each of the bull markets in the last 40 years has had a correction. It's a natural part of the market cycle. Corrections can occur in any asset class.

Corrections are inevitable. When the stock market is going up, investors want to get in on the potential profits. It leads to irrational exuberance. That makes stock prices go well above their underlying value. A correction is when prices return to a sensible level.

MAZZEO'S LAW

Pensions

Legislative changes to both the Family Law Act and the Pension Benefits Act were put in place January 1, 2012. These changes make it easier for couples to value and divide their pension plan earnings in accordance with Ontario legislation at the time of divorce.

Paul Mazzeo, specialist in Family Law, Real Estate, Wills & Estates, Litigation and Corporate Law.

Please click on the link to continue reading Paul's article Pensions

MAZZEO LAW
BARRISTERS & SOLICITORS

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THOUGHTS ON RECENT MARKET VOLATILITY

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DAN BASTASIC
IA CLARINGTON
INVESTMENTS INC

PHILIP PETURSSON
MANULIFE
INVESTMENTS

AGF INSIGHTS

ERIC LASCELLES
RBC ASSET
MANAGEMENT

Dan Bastasic MBA, CFA Senior V.P Investments

I. A Clarington Investments Inc.

AN EXPECTED COURSE CORRECTION

The main question investors have is whether this episode of volatility is something to be concerned about or just a normal course correction.

In our view, it's a normal course correction. Continue Reading

Philip Petursson, CIM, Chief Investment Strategist

Manulife Investments

So this is what happens when the Patriots lose the Superbowl! Let's be clear, we believe the past two day's market activity is a readjustment of prices to the current inflation and interest rate environment and not representative of something more ominous. We fail to find any evidence of economic stress in the United States or globally. In fact, we would argue the opposite. Continue Reading

AGF Insights

AGF's Thoughts on the Ongoing Volatility

What Happened?

After years of stubbornly low inflation across global markets, we are suddenly starting to see signs of this ticking higher, triggering a long-awaited selloff and a surge in volatility. As a result, panic has spread amongst investors in fear that financial markets may be overheated. In our view, the selloff has been driven by three compounding factors.

Continue Reading

Eric Lascelles—RBC Global Asset Management

Putting Recent Volatility into Perspective

After an extended period of strong performance, volatility has returned to the equity markets with the S&P 500 Index down 7.8% since January 26. Volatile markets tend to take over media headlines, so it's important to isolate the facts that have been driving market performance to provide perspective during periods of volatility.

Eric Lascelles, Chief Economist at RBC Global Asset Management, shares the following thoughts on recent developments:

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Canadians Need More Guidance On RRSPs

Many Canadians are missing out on the benefits of an RRSP because they're not seeking out

RRSP, TFSA, EI, OAS, CPP, & Other Tax and Benefit Numbers for 2018

Last December, the government revealed the inflation rate or

What To Expect From Federal Reserve Chair Jerome Powell's Tenure

Friday marked the last day for Janet Yellen as the head of the

Plan For A Long Life When Saving For Retirement

If we knew we would die tomorrow, we'd be rich today. I don't

Understanding Financial Infidelity

The online poll found 36% of Canadians surveyed have lied about a financial matter to a

Affluent Canadians Not Disclosing Estate Plans With Heirs

With the biggest intergenerational wealth transfer in Canadian

The 2018 Fixed-Income Playbook: Less Risk, More Diversification

The risk/reward trade-off for 2018 will probably not have the

Don't Get Burned in Wall Street's Melt-Up

Just because it's a melt-up doesn't mean you won't get burnt. The biggest problem: The market

Generations Struggle to Save For Retirement

Canadian baby boomers, Generation X and millennials alike are struggling to stow away enough

The Young And The RRSP-Less

The number of Canadians aged 18 to 34 who have RRSPs has dropped to 39 per cent—the lowest level in almost a decade

10 Things To Know About The Stock-Market Selloff

As U.S. stock markets conclude one of the wildest and worst weeks since the global financial

What Taxes Apply After Someone Dies?

Although there is no death tax in Canada, there are two main types of tax that are collected after

Jurrien Timmer—Two Roads The Market May Follow

Jurrien Timmer, Director of Global Macro, analyses prior secular bull markets and the findings suggest the current bull market could continue into 2019. One counter-argument against this rosy outlook is that, over the long term, high starting valuations can lead to lower future returns.

Looking beyond 2018 and 2019, there are two diverging paths the stock market could potentially follow. One is a continuation of the current secular bull market; the other is a valuation driven decline in market growth.

Five years ago I wrote a report "Are We at the End of the Secular Bear Market for Stocks?" At the time the evidence was inconclusive, but I was

VIDEO LINKS

JPMorgan Asset Allocation Cuts Credit To Hedge Big Equity Bet

JPMorgan Case & Co. asset-allocation strategists just increase

Preparing For Higher Rates, Higher Inflation

Paul Harris, partner and portfolio manager at Avenue Investment Management provides

Tech Sector Holding Its Own As Market Volatility Continues

Charles Moon, senior equity trader at Trading Advantage in

Baird 2018 Wealth Management Outlook

Baird's Chief Investment Strategist, Bruce Bittles, and Director of Advanced Planning, Tim Steffen, discuss the market trends and planning topics that will be important as the year unfolds.

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EDITORIAL COMMENT-CONTINUED

When I speak to my peers, fund managers, analysts and the like, I am not sensing any panic at all, though truth be told there always seems to be a sense of nervousness during these times. Instead I hear comments such as “a pullback has been long overdue” and “for now, we are buyers on the dip.” A strategist from Bespoke Investment Group nailed it with his comment, “economic pessimism is not behind the selloff”.

Another one of my favorite comments came from JP Morgan’s Marko Kolanovic, who points out that “rapid sell-offs, can also be followed by market bounce backs as liquidity gets exhausted by programmatic selling.” Only time will tell whether the turn around has begun but I do expect some continued volatility as the market tries to find its direction. This is not unusual activity during a period when the economy is transitioning between one of a deflationary mentality to an inflationary mentality.

The market appears to be returning to normal volatility levels as we move toward a more balanced view of market risks and returns. Although the market volatility may still have legs, we are committed to the belief that investors should consider buying the dips, especially if they are looking to add equities to their portfolios. One reason I am not concerned about this selloff is that U.S. economic fundamentals are unmistakably positive. The catalyst for the recent drop was a U.S. payrolls report that showed 200,000 new jobs were added, greatly exceeding expectations. I expect the sharp rise in volatility may contribute to further drops in the short-term but in the end the strong fundamentals will prevail.

In this new age of trading technology there may have been another mitigating factor in the rapid selloff early in the month. Algorithms control much of market trading now and are programmed to buy and sell based on certain triggers. Program trading helped drive the market moves according to Treasury Secretary Steven Mnuchin.

As I have stressed Fundamentals are very positive. Global economies are in a synchronized expansion. American companies continue to post double-digit earnings growth amid a backdrop of U.S. tax reform, deregulation and global synchronized growth. Throw a weaker dollar into the mix and we conclude U.S. markets will rise. Over the next month or so, I also expect to be reading about company profits exceeding expectations, increased dividend payouts, and share buybacks. I will also be reading about the rise in inflation, though not dramatically.

So, to recap, while the sharp decline in the indices in the recent past may be somewhat unnerving, it is important to keep in mind that these drops in a great economic climate are incredible buying opportunities. Since 2010 there have been 15 one-day drops of 3% or more in the S&P 500. This has been followed by a median gain over the next six months of 12%. Market turbulence is not new though it may be more pronounced these days than has been experienced over the last decade. This remarkably low volatility seems to have been taken for granted and now that we are returning to more normalized volatility, investors will need to readjust their attitudes.

The equity market’s long-term trend has been positive. Many investors who “stayed the course” through past periods of volatility have even found that short-term corrections ultimately have worked in their favor, by making it possible for their portfolio managers to purchase shares with strong fundamentals at attractive long-term valuations.

Given the strong market gains over the past year, it is understandable that some investors may wish to moderate their equity exposure at this point. However, trying to time the market by moving aggressively from stocks to cash and then back to stocks is very difficult, even for experienced investment professionals.

Market turbulence is normal in the equity markets, a fact that many investors seem to have overlooked amid the remarkably low volatility they have experienced over the last few years. However, right now, we believe that a sound approach for investors is to shift their focus away from short-term trends and concentrate on their long-term investment strategy. This means investors should keep the short-term market volatility in perspective when compared with long-term market results, establishing a proper asset allocation and diversifying investments to help mitigate the impact of volatility on one’s portfolio.

How Your Insurance Coverage is Covered—CONTINUED

In Canada, most life and health insurance companies are regulated for solvency by the Federal Government through the Office of the Superintendent of Financial Institutions (OFSI).

Assuris is a not for profit organization that protects Canadian policyholders in the event that their life insurance company fails. This organization was founded in 1990 and is designed to protect policyholders by minimizing the loss of benefits and ensuring a speedy transfer of policies to a solvent company where protected benefits can continue.

The federal, provincial, and territorial regulators legally mandate that every life insurance company authorized to sell insurance policies in Canada become a member of Assuris. Insurance companies are required to submit on an annual basis, financial statements to these regulators. In addition, there are Provincial Government agencies that regulate the licensing and conduct of agents, contracting, and customer service and complaint matters.

The key to Assuris' protection is that all similar benefits offered by a life insurance company (i.e. death benefit, cash value, accumulated value etc.) are combined when applying coverage.

Assuris protects all benefits under Canadian issued policies by a member company to a Canadian citizen or resident. Specifically, Assuris guarantees policy holders $200,000 or 85% of the death benefit, whichever is higher. Should there be a savings or cash value associated with a policy, Assuris guarantees the greater of up to $60,000 or 85%. On the other hand, Quebec has its own regulator that performs the same functions; the Autorite des marches financiers. It is such regulators that review companies to assess their safety and soundness. Furthermore, as opposed to cancelling a policy and compensating a policyholder with cash, Assuris offers policyholders protection by facilitating the transfer of policies to a solvent company in order to ensure that benefits continue under the original policy terms.

For deposit type products (i.e. accumulation annuities), in addition to being transferred to a solvent company, Assuris guarantees 100% of the accumulated value up to $100,000. Keep in mind that an accumulation annuity held in a Tax Free Savings Account (TFSA) is provided separate protection; up to $100,000.

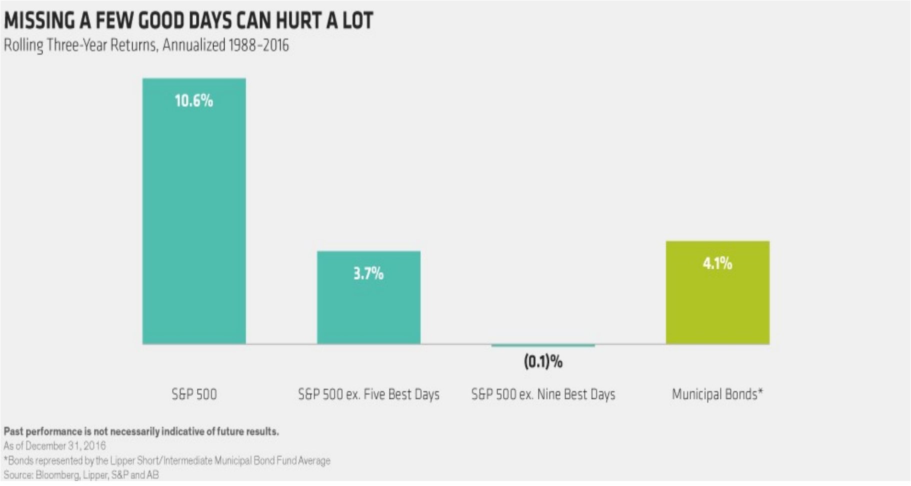
When it comes to choosing the right insurance company, the options can seem overwhelming. If you are fortunate enough to be part of a group plan that provides coverage, the group sponsor will choose the insurer for you. However, for those who opt to purchase individual life coverage, there are ample sources of information available with respect to the companies that offer a multitude of products.

There are agency reports, annual reports from the actual companies, and business press articles for example; all of which can be found on the internet. But perhaps the most insightful source of information and your best bet for making a decision is through an educated and informed agent, broker, or advisor.

Missing a Few Good Days Can Hurt A Lot - CONTINUED

calculated the same return but excluded the five best return days from each period.

The chart illustrates that on average, the cost for missing out on the five best days of approximately 750 trading days in each three-year period is quite punitive. The average annual return falls from 10.6% to a paltry 3.7%. This is even lower than the bond return over the same period of time.

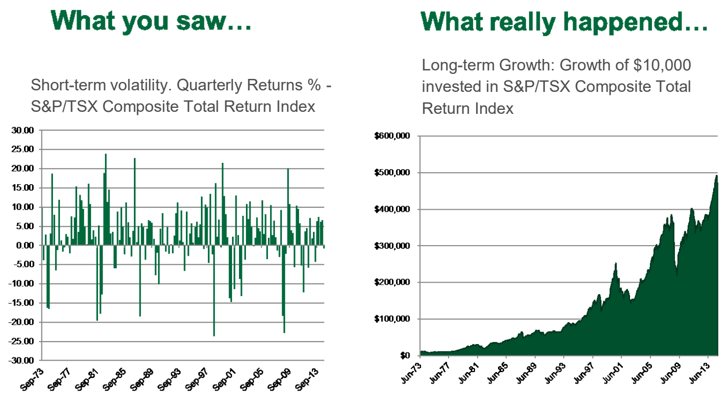


The explanation for this is quite simple. Market returns generally come in spurts generated over just a handful of days each year while the rest of the days tend to have a net total return of 0%. Missing the nine best days in each rolling three-year period reduces the S&P 500's average return to slightly less than 0%.

Missing the best days can occur for a number of reasons, such as selling prematurely. Bullish markets are often described as "climbing a wall of worry," meaning that they often rise despite investor concerns. Once you have exited, the market may continue to climb for many months, or years after the exit. Remember that any effort at trying to time the markets requires you make two successful timing calls. One to get out and another to get back in. The perfect example of this is the number of investors who locked in their losses after selling out during the 2008-09 market collapse and failing to capitalize on the spectacular rebound that followed.

It is abundantly clear that investors must be in the market to meet their long-term objectives. Trying to time short-term movements will more often than not backfire.

Volatility is an illusion



Source: Morningstar, October 31, 2014. Past performance is not indicative of future performance. For illustration purposes only. The index is unmanaged and cannot be purchased directly by investors.

The typical reaction to volatile markets is to get out of equities altogether. Volatility, like illusions, sometimes makes you look for something that really isn't there. People's perception of short-term volatility is far greater than its actual impact. The chart on the left illustrates an inconsistent and volatile investment whereas the chart on the right points out growth over time. Interestingly both charts represent the same period of time. Your reality depends on your perspective.

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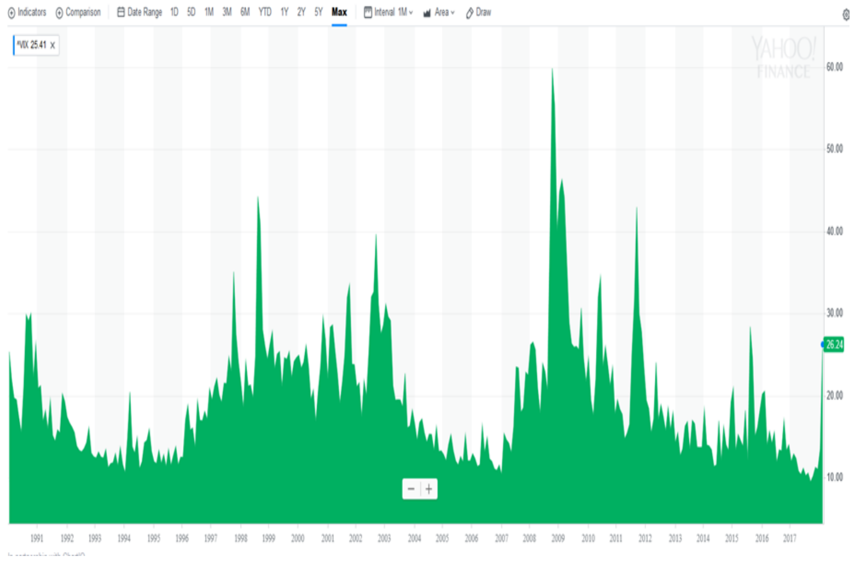
The VIX Revisited—Continued.

Higher numbers mean higher expected volatility and greater fear, and lower numbers mean lower expected volatility and greater certainty.

Typically, or at least in my experience, when markets start to correct there inevitably follows a period of increased volatility. This is usually a sign that market's are finding direction. There are limitations to the VIX and I caution anyone who relies only on the VIX for upcoming trends in equities; however, there are certain bits of information we can take from it.

The VIX has a long term average of about 20. As of writing this article the index sits just above that mark at about 26 points. Since January 1st of this year and for the past 18 months, the VIX has been relatively quiet, ignoring virtually all of the ebb and flow of financial news. Up until the last week of January, the VIX stayed well below the 15 mark, reflecting the great confidence of investors – a confidence clearly carried over from the spectacular 2017 year.

Moving into February, a series of events starting with concern over rising interest rates caused that confidence to swing towards uncertainty. With an uncertainty aided by a non-fundamental based sell-off came the market drops we're currently experiencing. This is represented in the VIX by an increase to just over 35 points. Traditionally, a measure of 30 indicates serious unease and a measure of 40 indicates a crisis. Such crisis points are visible in 2008 when the VIX reached 60; 2011 when investors were still skittish from the previous global recession; and during the tech bubble burst of the late 90s/early 2000s.



What investors should expect as we progress through this correction is slightly higher than average volatility over the short-term. The good news is that this is nothing new and not nearly as bad as things have been in the past. Global economies are still fundamentally strong and we're still seeing growth across the globe. If anything, this volatility should be seen as a great buying opportunity and another reason to take advantage of dollar-cost averaging through a monthly or bi-weekly portfolio contribution.

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Pensions-Continued.

Pension plan administrator has now been assigned the role of valuing the pension plan so an actuary is no longer needed. Spousal settlement payment amounts based on the value of one's pension plan can now be made in full or in part from the pension plan itself.

The new legislation regarding pension plans still only apply to married spouses in Ontario, where one of the spouses is a member of an Ontario pensions plan, if they were separated:

- on or after January 1, 2012; or
- before January 1, 2012, if the parties haven't resolved their property settlement by then.

The new rules also apply to unmarried spouses if they agree to share the value of the pension plan following separation.

More information on the recent changes and the required forms that must be submitted to the pension plan in order to obtain the pension valuation can be found on the Financial Services Commission of Ontario website.

http://www.fsco.gov.on.ca/en/Pages/default.aspx

Investor sentiment was at peak levels, and we had a pretty long rally for stocks, especially in the U.S., without more than a 2–3% correction.

Part of what I think we saw at the end of the day (Feb. 5th) was algorithms kicking in, adding pressure to the market. Another factor was the high volume of ETF selling at the end of the day – by some estimates it was about 41% of the day's total volume, which is a long-term peak.

Importantly, there didn't seem to be any panic on the part of institutional investors. On a relative basis, institutional selling wasn't very high at all. And there was no spike in insurance being bought through options.

You also didn't see BBB credit spreads widen out. In fact, they've been pretty low and pretty close to all-time lows. So in terms of spreads, you're not seeing the credit markets react to this.

FUNDAMENTALS STILL STRONG

Once you put that technical picture together, you then need to turn to the fundamental side of things. A drastic change in the fundamental picture can drive a more harmful and permanent correction than the more normal course correction that we're currently seeing.

The fundamental picture is still strong. Everything I'm looking at from a global economic perspective has not only held its strength over the last two years, it's accelerating. You're seeing this not only in the U.S., but also in Asian and European markets.

So with the economy accelerating, you're likely going to see earnings accelerating. And as long as the economy and earnings stay positive, it's highly unlikely that we'll see a permanent loss of capital or a bear market.

So all of this puts us into to the camp that says this is probably a normal correction that was driven by outsized selling from the passive crowd and the machines, rather than institutional sellers. And that's a good thing.

ORIGINS

I think one of the reasons we had the selloff is that U.S. 10-year bond yields appreciated from 2.30% to 2.85%. We called for that at the beginning of the year, and we expect U.S. 10-year bond yields to be 3.00%–3.25% by the end of the year. We just didn't think a good part of this increase would happen in three weeks.

So what happened to investors this year, and what's been different, is that at the beginning of the year you had interest rate sensitive or defensive stocks being sold off because of the move in the U.S. 10-year bond yield, and then over the last three or four days, you had this more systemic, market-wide, broad-based sell-off happening because of sentiment and people generally taking money off the table.

To recap, fundamentals are still positive and bond yields have not yet gone up to a point where they can compete with equity investing. In fact, earnings yields on the stock market versus bond yields are still at long-term historical lows – you would probably need 4% or greater on the U.S. 10-year bond to create competition for stocks. So we still have a pretty decent backdrop for stock investing, and particularly investments in high-quality stocks.

LOOKING AHEAD

If you think about how this likely plays out, it's too early to say that volatility is going to slow down. In fact, we think markets will likely go up or down a few percent every day or every week for the next several weeks before the fundamental data starts to move into the forefront again.

From a market valuation perspective, one thing that's happened in the last 30 days, and in particular the last week, is that all of a sudden a market that has been assumed to be overvalued is now fairly valued or relatively cheap. In the U.S., forward earnings are below 17× – that's not a slam dunk buy, but given 15–16% expected earnings growth, an economy that's growing at over 3% and global synchronized growth, these price-to-earnings levels on stocks – and they're even cheaper in Canada – are providing us with a backdrop for markets to likely appreciate once this bout of consolidation peters out.

Finally, if we're right about the U.S. 10-year bond yield reaching 3.25% at the end of the year, then at 2.75%- 2.86%, we've basically done six to seven months of that yield move in only three or four weeks. That will provide an opportunity for defensive stock investing over the next several weeks and going into the end of the year.

Philip Petursson, Commentary continued

Global economic growth continues at a very broad and very strong pace. As we have stated in the past (most recently our 2018 Outlook), absent a recession our work would suggest that equity markets have a high probability of delivering a positive return over a 12-month period.

Occasionally, the equity markets remind investors what volatility can look like. Perhaps it's a failsafe mechanism to keep investors' expectations in check. Following a return in 2017 of 22% including dividends the S&P 500 Index welcomed February with the first signs of volatility not seen in a long while. Friday's decline of -2.2% for the benchmark index was followed by an additional drop of -4.1% on Monday. The Dow Jones Industrial Average also closed lower Monday, shaving 1175 points on the day for a drop of -4.6%. In total the S&P 500 Index and Dow Jones Industrial Average are down from their highs by a respective -7.8% and -8.5%. Not quite enough to be called an official correction, but enough to remind investors what volatility looks like. And certainly, enough to take each index into negative territory thus far into 2018. Over the coming weeks there will be much speculation as to why, after such a long period of relatively calm markets, volatility chose now to come to the forefront. Maybe it was because the Patriots lost the Superbowl. Possibly it was because Wiarton Willie predicted six more weeks of winter. Or perhaps it was due to a confluence of events that until now equity investors had largely discounted.

We would contend that the volatility can be attributed, at least in part, to the rapid rise in interest rates and increase in inflation expectations over the past few weeks that is starting to weigh on equity valuations. The US 10-Year Treasury Yield has staged a rapid ascent since the beginning of the year, adding approximately 40 bps to its yield to trade above 2.80% in the past week. Since September, the bond markets have pushed the US 10-year yield up by approximately 80 bps. Higher yields may in part be explained by the Federal Reserve's unwinding of its balance sheet. Recall that this quarter the roll-off doubles from US$6 billion in Treasuries and US$4 billion in MBS to US$12 billion and US$8 billion respectively. Additionally, with the recently passed tax reform in the United States, debt issuance by the Treasury is set to increase meaningfully in 2018. Finally, rising inflation and rising inflation expectations are becoming more of a theme. We reaffirm our position that inflation will trend higher through 2018 on a multiple of fronts: wages, input prices, and energy prices. The Investment Strategy Team's Inflation Model continues to suggest that CPI will trend above 2.5% through 2018. A weaker dollar and/or oil prices remaining at their current level pushes our forecast higher towards 3% through the year.

While this move in yields is obviously negative for bonds the read through is that rising inflation expectations will support incoming Fed Chair Powell to continue along the path laid out by Janet Yellen. Historically, as the Fed embraces a tightening cycle the S&P 500 trailing 12M PE ratio falls an average of 4 multiple points (over the span of and average cycle of 2.5 years – since 1970). As we have stated, its not hard to find sources of inflation. Last month's PMI surveys are chock full of rising input price and wage pressures around the world. Shifting expectations towards rising inflation and rising interest rates will compress the PE multiple that has only expanded since 2012. We expect equity markets to balance out the strong earnings growth expectations for 2018 with a PE contraction resulting in a total return that is positive yet perhaps below average for the year.

Corrections are unpredictable. We certainly wouldn't suggest that we ever had the foresight to see one coming. However, at the same time, we can recognize the factors that drive market returns – namely, valuation and earnings growth. In this regard we had suggested in our 2018 outlook that returns may be more muted in the coming year than the year just past as strong earnings growth may be offset by an earnings multiple contraction. Market returns are rarely smooth. More often returns are quite bumpy, to the upside as well to the downside. While our return profile for the year remains the same – mid-single digits with risk to the upside – investors may be well served to take advantage of the volatility when it presents itself.

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DISCLAIMER

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Fund values change frequently and past performance may not be repeated.

Labour Sponsored Investment Funds ("LSIF") have tax credits that are subject to certain conditions and are generally subject to recapture, if shares are redeemed within eight years. Please note that Mutual Fund Representatives in Alberta are not permitted to sell LSIF.

An investor proposing to borrow for the purchase of securities should be aware that a purchase with borrowed monies involves greater risk than a purchase using cash resources only. The extent of that risk is a determination to be made by each purchaser and will vary depending on the circumstances of the purchaser and the securities purchased.

Discuss the risks associated with leveraged mutual fund purchased with an investment funds advisor before investing. Purchases are subject to suitability requirements. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same if the value of the securities purchased declines.

Investors should educate themselves regarding securities, taxation or exchange control legislation, which may affect them personally. This newsletter is for general information only and is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. Please consult an appropriate professional regarding your particular circumstances.

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