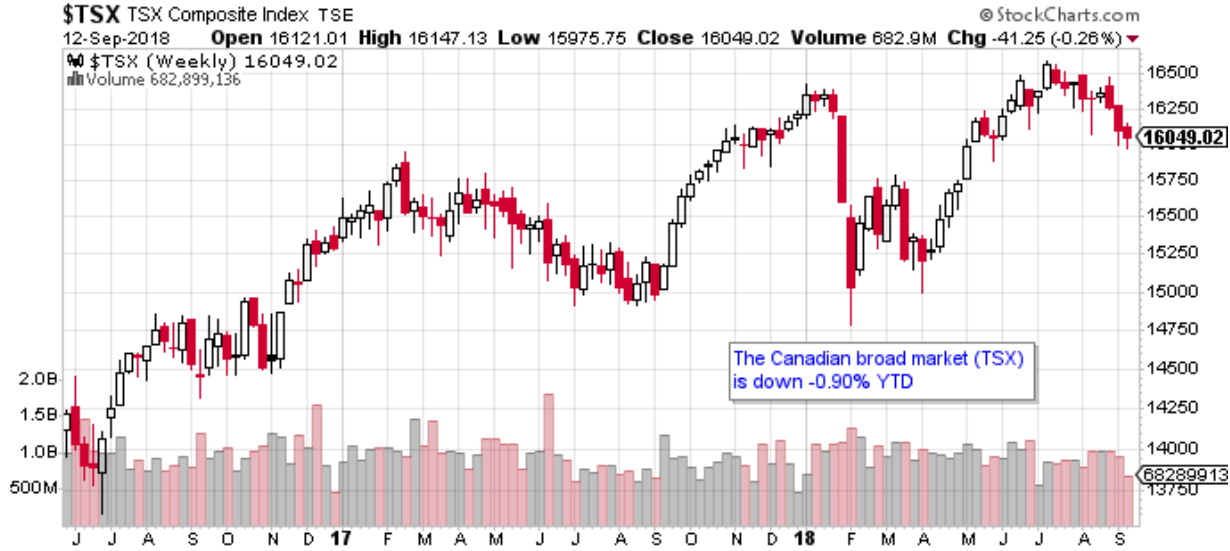


Market Update

September 2018

1. Canadian & U.S. broad market performance year-to-date.
2. U.S. Estate Tax – and you?
3. U.S. Mid-term elections November 6th
4. Parking downtown – a few options



The broad Canadian market continues to be a great place for generating dividend income but it has not been very good for growth again this year. Growth has continued to come from the U.S. market below...



U.S. Estate Tax?

Most people know that U.S. estate taxes are significant compared to our small probate fee in Canada. However, most investors own U.S. assets as that market has outperformed our Canadian market over significant periods of time. Still, I find there is a lot of confusion around this topic so here are a few guidelines of what you need to know.

- 1) If you die owning U.S. property (including stocks) that has a value exceeding \$60,000 USD, your executor will have to file a U.S. estate tax return. That does not mean anything beyond having to file that U.S. return.
- 2) **If the value of your worldwide assets (including insurance policies) is not greater than U.S.\$11.18 million, you will NOT be subject to U.S. estate tax.**

Summary – not an issue unless your worldwide assets exceed U.S.\$11.18 million.

U.S. Mid-term elections occur Tuesday November 6th.

All 435 seats in the United States House of Representatives and 35 of the 100 seats in the United States Senate will be contested.

While the politics tend to create lots of headlines, the economy tends to run on fundamentals as does the stock market. That said, last year something significant occurred in the U.S. when the Trump Administration created significant tax cuts for corporations which of course, enhanced earnings.

Should the mid-term elections flip the control of Congress and maybe even the Senate from Republican to Democrat control, the Democrats might be inclined to repeal part/all of that tax package with the same vigor that the Republicans sought to repeal Obamacare. If such an event occurred, I would view it as a short-term negative to the American stock market. While earnings have been great in the U.S. with full employment and low relative interest rates, those corporate tax cuts were fuel to the earnings fire.

The S&P 500 is currently weighted about **41% to technology** which has had a great run as typical late cycle sector. While we have seen great performance from this sector, we are actively trimming profits as we look for better valuations going into September and October which historically at least, have often been weak months in terms of calendar market performance. We will be reviewing portfolios in terms of tax-loss candidates as well, as we head into fall.

Parking downtown, getting you down?

We recognize development downtown has taken away a lot of parking lots. This can be pretty frustrating when you come down to visit us for a meeting. If you find a meter for your next client meeting, don't be afraid to take it. Bring in your parking ticket from the machine that has your parking space number and we can extend your time electronically for free from our office. Just be sure to bring in your ticket with accurate parking space information 😊

Remember too, that we can skype or telephone to conduct most reviews, sending you your copy of your portfolio encrypted by email prior to an appointment.

I hope you had a great summer. Enjoy the remainder as this one ends soon on September 22nd.

Quotable Quote:

"My ability to remember song lyrics from the 80's far exceeds my ability to remember why I walked into the kitchen."

Author Unknown

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,
National Bank Financial

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Vice President
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Sources: Stockcharts.com, Reuters, The Hill, NBF Wealth Management Solutions Group

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