

April 2015

## First Quarter 2015

In my summary for 2014 I said the big story was oil! For the first quarter of 2015 oil remains a huge story but so is our Canadian dollar vs. the US dollar.

Oil closed at \$47.63 on March 31, 2015, down a further 11.5% from the end of the year. Our dollar closed at \$0.79 US, down 8.5% from the end of 2014. These are good news/bad news stories depending on where you live in the country and even the world.

For Alberta, the news is not so good. Alberta has come up 7 billion dollars short for this year's provincial budget due to the shortfall of oil royalty revenues. For the rest of the world it's a better story. Most goods and services on the planet have some relationship to oil either in manufacturing or transportation. As I have said before, it's as if everyone in the world gets a tax break due to the drop in oil prices. However, if you live in Alberta, you pay less for fuel at the pump but more for other goods and services and increased taxes to boot – not as good.

As far as our Canadian dollar goes, it has helped our portfolios to achieve better returns. Remember, all foreign holding returns must be reported in Canadian dollars. As our dollar drops, foreign investment returns generally get better. I hope our dollar stays down.

North American indexes were pretty flat in the first 3 months of 2015 but not so for the rest of the world. Europe and Asia were up strongly from +3% in the U.K to +22% in Germany and +10% in Japan.

Our Balanced portfolios were up about 5% in the first three months ending March 31, 2015.

	Market	Dec 31 2014	Mar 31 2014	YTD
Canada	TSX	14632	14902	1.80%
U.S.	DOW	17823	17776	-0.30%
U.S.	S&P 500	2051	2068	0.80%
U.K.	FTSE	6566	6773	3.20%
France	CAC	4273	5034	17.80%
Germany	DAX	9808	11966	22.00%
Japan	NIKKEI	17451	19207	10.00%
Canadian \$		\$86.20	\$79.00	-8.40%
Oil (US\$)		53.80	47.63	-11.50%

\*\*Source: CNN Money

Integrity is one of several paths. It distinguishes itself from the others because it is the right path and the only one which you will never get lost  
~ M.H. McKee

## Did You Know?

*Canadian Households that receive financial advice are one and a half times more likely to stick to their financial decisions and are more confident about their financial future.*

*-Solutions, Spring 2014*

*Every year, the sun irradiates the land masses on earth with the equivalent of 19,000 billion tons of oil equivalent (toe). Only a fraction – 9 billion toe – would satisfy the world's current energy requirements. Put differently, in 20 minutes, the amount of solar energy falling on the earth could power the planet for 1 year.*

*- Pembina Institute*

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"We have two classes of forecasters: Those who don't know – and those who don't know they don't know."  
~ John Kenneth Galbraith, Economist

## Getting a Tax Refund?

Though it may feel like you won the lottery, a tax refund essentially means you paid too much in tax the year prior and the government is giving you back your own money. Use it wisely. I suggest that the following three options qualify as using your refund wisely.

### Debt Repayment

Paying off your debts like those student loans, vehicles or expensive credit card balances should be the first course of action. If you carry balances on your credit cards from month to month you have a credit problem and you should consult with advisor on how to get back on track.

If you are lucky not to have consumer debt, pay down your mortgage instead. It could save you thousands of interest dollars over the lifetime of your mortgage.

### Save It

Depending on your marginal tax rate an RRSP or a Tax Free Savings Account can be hugely beneficial in the long run. Saving your tax refund for short term goals can also be to your advantage. Use it to save for a down payment on a house or use it to pay cash for a vehicle. It is always better to use money you've saved to pay for these types of purchases!

### Give It

Giving money to causes you feel passionate about not only feels good but also provides you with a return on your investment. On any contribution over \$200.00 you will receive a tax credit of approximately fifty percent towards next year's taxes.

If building wealth is important to you, do not give in to the temptation to spend it on consumer goods that are on your "want" list. Any of the above choices will move you toward achieving financial security and independence.

Your true risk tolerance is grounded in your financial ability to take risk. This includes your time horizon, income, debt, liquidity needs, level of portfolio contributions, and more. When you're pursuing financial goals as a household your spouse's or partner's risk tolerance must be analyzed as well. ~ Invesco

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**Are you interested in receiving our Quarterly Newsletter by e-mail? Send your request to [maudfin@incentre.net](mailto:maudfin@incentre.net). Please ensure that your full name is clearly marked on the e-mail.**



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