

January 2017

***The Tax Free Savings Account (TFSA) contribution limit for 2017 is \$5,500. The total TFSA contribution room is now \$52,000 for those who were 18 or older in 2009. This room is cumulative and there is no deadline for your contributions.***

### Year End Review 2016

This past year has been a challenging one on many fronts. Our dollar rose 3% against the U.S. greenback and this move directly affected foreign returns – in a negative way.

The election of Donald Trump had a twofold effect on markets. First it caused a worldwide sell off in the bond market resulting in a rise of interest rates. The bond market sell off had a big effect on our balanced portfolios, as about 35% - 40% of those portfolios are in cash and bonds. Secondly, there was an upward rise in certain sectors of the U.S. stock markets (ie: banking).

The big uncertainty for markets going forward could be a political one. There is no clear picture as to what changes will be made to the U.S. trade policy. If the protectionism promised by Trump during the election comes to pass, Canada may suffer some of the consequences. Benjamin Tal, deputy chief economist for CIBC, is very concerned on Trump's impact on Canadian manufacturing.

The international geo-political climate is very uncertain and could lead to global turmoil including Europe, Asia, Russia and the Middle East. So I guess everything its business as usual.

The uncertainty in markets can lead to opportunities for investment as managers look for bargains in volatile times. Our balanced portfolios were up 4.5% to 5.5% for the year.

	Market	Dec 31 2015	Dec 31 2016	YTD Incl. Dividends
Canada	TSX	13009	15,288	17.50%
U.S.	DOW	17425	19,763	13.40%
U.S.	S&P 500	2045	2,239	9.50%
U.K.	FTSE	6242	7143	14.40%
France	CAC	4637	4862	4.90%
Germany	DAX	10743	11481	6.90%
Japan	NIKKEI	19034	19114	0.40%
Canadian \$		\$72.29	\$74.40	3.00%
Oil (US\$)		37.02	53.72	45.00%

\*\*Source: CNN Money

### RRSP Deadlines

- ★ RRSP deadline for 2016 is March 1, 2017. Our office will be accepting contributions via personal cheque until Feb 23<sup>rd</sup>, 2017 and lump sum contrubtions pulled directly from clients bank accounts until Feb 28, 2017 to allow for sufficient processing time.
- ★ Please ask us about contributions via your online Manulife account

### John's advice on TFSA

- ★ Excellent tool for emergency fund savings in our younger years
- ★ In retirement years, best used for one time purchases such as vehicles, trips, or renovations
- ★ TFSA is the easiest way to pass money on to children outside of your estate

### Important Mailing Dates

- ★ Annual Statements will be mailed out, on or before January 22<sup>nd</sup>.
- ★ T3s for Non-registered accounts will be mailed out by February 24<sup>th</sup>.

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## 2017 The Year for Transparency and Change

John began Maude Financial in 1982 with one principle in mind: the interest of the client comes first. We at Maude Financial have always relied on transparency as a way to communicate our commitment to our clients. We have considered ourselves to be ahead of the curve in many ways, with transparency and low management fees at the top of the list.

Within the past two years, regulators within the financial services industry have recognized a lack of voluntary transparency from many facets of the investment world. Therefore, a new legislation entitled “Client Relationship Model, Phase 2 (CRM2)” was created and fully enacted as of December 31, 2016. This legislation mandates disclosure of the rates of returns on investors’ accounts and the fees paid to the advisor, among other disclosure requirements.

This is an exciting legislation for Maude Financial because we have always believed that clients should be informed about their fees and rates of return without having to read the fine print. Clients will see the majority of the changes on their 2016 year-end statements. These statements will outline net rate of return, which means it will be net of all fees and charges. The net rate of return will be a true representation of the growth or lack of growth within an account.

The second major change appearing on the 2016 statements will be a list of fees and charges related to the account. The statement will outline commissions paid to your advisor, transaction charges and commissions paid to the financial institution. CRM2 is not perfect legislation, as it does not require all fees related to the management of the fund to be disclosed.

With these new disclosure rules in place, it is a great time to ask the question “How much am I paying to have my money in this account?”. The fees outlined on your statement may not be comprehensive so it does not hurt to ask the question to your advisor or bank representative.

We look forward to our clients comparing their statements to those they receive from other financial institutions, as our fees are generally 40% below the average. If there is any confusion surrounding fees related to the accounts we hold for you or fees related to accounts you hold elsewhere, please feel free to contact our office for clarification. We look forward to helping you build your futures one brick at a time. Happy New Year!

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*“Someone’s sitting in the shade today, because someone planted a tree a long time ago.”*

- *Warren Buffett*

*“The habit of saving is itself an education; it fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought, and so broadens the mind.”*

- *T.T. Munger*