

Taking Stock with Steele

Your Monthly Newsletter

The purpose of this newsletter is to share insights and expertise. Our goal is to ensure that our clients are well informed of changes affecting local business decisions and our investment recommendations.

We believe Knowledge Pays and we want our knowledge to help pay for you.

AGING IN PLACE II NEW TECHNOLOGIES EMPOWER AGING IN PLACE

According to AARP, almost 90% of seniors would like to continue living at home as they age (i.e. age in place). In our first aging in place article, we outlined how online marketplaces have made finding eldercare cheaper and easier. In this aging in place article, we highlight some of the technologies that make aging in place easier.

Wearables - Fall Detection and More

Falls are the leading cause of death for people aged 65+. Wearable devices to detect falls are nothing new. Remember LifeCode's "I've fallen and I can't get up!" commercials from the 80s? Fall detection technology is now more affordable as it is incorporated in many smartwatches and fitness trackers. These devices also track other useful health data like steps, heart rate, quality of sleep, etc.

Digital Medication Dispensers and Tracking Services

The pillbox has entered the 21st century! The appropriate compartment flashes when it is time to take medication. If the medication is not taken within a certain timeframe, an alert via auditory prompts, phone calls, emails or text messages is sent to the patient. Caregivers can track medication adherence online. The up to 28-day pillboxes can be given to the pharmacist for fulfillment to reduce the risk of error.

In-Home Wireless Household Sensors

For a more dystopian though thorough solution, in-home sensors track movement, establish routine activity patterns, identify abnormalities or emergencies and inform caregivers so they can provide assistance. These sensors can help identify nighttime falls, sleeplessness, sedentary lifestyle and unusual eating or bathroom activities.

Teleconferencing Technologies – FaceTime, Google Duo, Virtual Care

Most of us are familiar with the wonders of Apple FaceTime and Google Duo. Video calling technology allows us to connect with family and friends near and far and helps us stay connected. Doctors are beginning to embrace video calling technology for appointments that don't require physical examination, easing the burden of traveling to the doctor's office for older patients. Standard data points like blood pressure, heart rate and weight can be accurately measured at home for low cost and much of the rest can be done through a video call.

Mass Market Smart Home Devices May Help As Well

Smart speakers make various small tasks easier, indoor cameras allow caregivers to see what is going on inside the home and outdoor cameras and security systems provide peace of mind. Developers are constantly adding new functionality to existing smart home devices so their usefulness to those aging in place will grow over time.

Current Rates & Data

Govt of Canada

90 day	1.62%
1 year	1.55%
2 year	1.38%
5 year	1.24%
10 year	1.20%
30 year	1.43%

U.S. Treasury

90 day	1.95%
1 year	1.73%
2 year	1.54%
5 year	1.46%
10 year	1.58%
30 year	2.06%

Canada Prime Rate

3.95%

U.S. Prime Rate

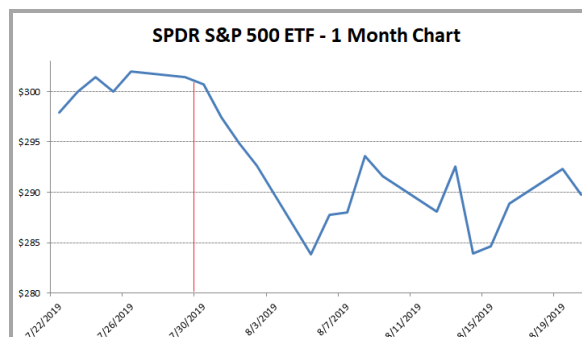
5.25%

Exchange Rates

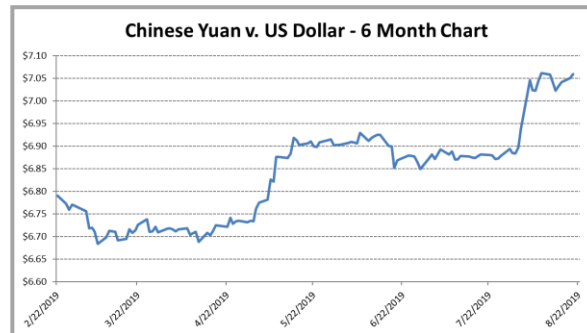
CAD/USD	0.751
USD/EUR	1.113
JPY/USD	106.5

ECONOMIC TIDBITS US FED CUTS KEY INTEREST RATE & TRUMP ANTES UP AGAINST CHINA

• In response to the slowdown in global economic activity and trade related threats, the US Federal Reserve cut the key US interest rate by 0.25% at its July meeting. Equity markets reacted negatively to the move as the cut was less than expected. Federal Reserve members were split in their decision as the US economy continues to grow at a healthy pace while the rest of the world struggles.



• After adopting a more conciliatory tone following the June G20 meeting, the Trump administration announced its intention to apply a 10% tariff on the remaining ~\$300 billion in Chinese imports not already attracting tariffs. Chinese officials responded by further weakening its currency as it did after the tariff increase in May. China can largely offset the effects of US tariffs by weakening its currency.



LE JIT A "JUST-IN-TIME" RUNDOWN OF OUR CURRENT INVESTMENT THEME

Fixed Reset Preferred Shares Offers Some of the Best Risk-Adjusted Returns in Markets Today

- **Fairfax Financial Preferred C (FFH.PR.C)** and **Enbridge Preferred G (ENB.PF.G)** fit this theme.
- Fixed reset preferred shares pay a fixed dividend for five years (since the issuance or last reset date). At the end of five years the dividend resets to the preferred share's credit spread plus the Government of Canada (GoC) 5 year bond yield. These shares are sensitive to changes in interest rates and should appreciate if interest rates go up and depreciate if interest rates go down.
- Over the past ten months, the GoC 5-year bond yield has fallen from ~2.5% to ~1.2%, a rapid and significant decline by historical standards. As a result, fixed reset preferred shares have declined significantly. The preferred share market is dominated by retail as opposed to professional investors and as a result, the market tends to see exaggerated selloffs when interest rates fall as investors flee. In our opinion, fixed reset preferred shares are effectively pricing in a 0% GoC 5-year bond yield.

Security	Symbol	Price	Yield	Yield at Next Call*	Current 5Yr GoC Rate	Reset Terms (+ 5Yr)	Reset/Call Date	Rating
Fairfax Financial Preferred C	FFH.PR.C	\$16.40	6.98%	6.63%	1.20%	3.15%	31-Dec-19	Pfd-3H
Enbridge Preferred G	ENB.PF.G	\$14.10	7.80%	6.88%	1.20%	2.68%	1-Sep-20	Pfd-3H

*assumes the GoC 5-year bond yield stays the same

Key risk points: A recession could spark a temporary widening of preferred share credit spreads, pushing these shares lower. Interest rates could fall further, possibly below 0%, as seen elsewhere in the world.

JEANNINE'S TIP O' THE MONTH Westmount Oktoberfest Charity Pro-Am in Support of the WRSPC

We are proud to announce Raymond James will be the presenting sponsor of the 54th Westmount Oktoberfest Charity Pro-Am in support of the Waterloo Region Suicide Prevention Council (WRSPC). Our branch has been working with the WRSPC for the past three years as the main charity we support in time and funding. Believing that every person has the right to be supported in living a healthy and positive life, the WRSPC performs valuable work in our community in areas of suicide prevention, coping with suicide and support programs for people who have attempted suicide – three areas they call **hope, help and healing**.

This newsletter has been brought to you by Steele Wealth Management

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