

# 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.*

## ELDERCARE OPTIONS CONTRASTING THE VARIOUS TYPES OF ELDERCARE

Determining the right eldercare option can be daunting. Below are the various types of eldercare, starting with the least comprehensive and least expensive.

### In-Home Care (and Family Provided Care)

In our February issue of Taking Stock with Steele, we discussed "Aging in Place". This is the preferred option for most as it is the least disruptive choice but there are limitations to level of care. Family can provide care (pro bono if lucky) or care can access it through gig-economy sites like Care.com or full-service agencies. The three primary types of workers are housekeepers (mostly cleaning and chores), homemakers (housekeeper plus meal prep and personal care) and aides/nurses.

### Adult Day Programs

These programs come in two varieties: social and medical, but these are not necessarily mutually exclusive. This option is ideal for those who do not need round-the-clock care but are not safe staying at home alone. This option is cost effective but is likely only appropriate for those who have family support outside of program times.

### Independent Living Facilities

These facilities allow individuals to rent or buy a condo within a purpose built retirement community. The primary benefit of these facilities is the social aspect and it is rare for them to include robust care services. Costs of this option are highly influenced by local housing market conditions.

### Assisted Living Facilities

One step beyond independent living facilities, assisted living facilities are typically highly social live-in facilities that offer personal care and basic health services but rarely provide skilled nursing services. Costs vary depending on locale and quality.

### Nursing Homes / Long-Term Care Facilities

Nursing homes provide around the clock care by health care professionals. There are differing levels of health care offered depending on the facility but personal care services are included for all. Most social activities offered are on premises.

### Continuum of Care Facilities

These facilities provide almost everything in an a la carte fashion to suit one's needs at any given time. This is ideal for anyone with a progressive condition.

### Dementia Care (Alzheimer's) or Other Specialized Condition Facilities

These facilities provide robust specialized care for a particular health issue.

The cost of each option depends on level of care needed, whether a facility is public or private, and locale. Please contact us if you wish to learn more about any of the above eldercare options.

#### Current Rates & Data

##### Govt of Canada

90 day	1.67%
1 year	1.71%
2 year	1.57%
5 year	1.53%
10 year	1.64%
30 year	1.88%

##### U.S. Treasury

90 day	2.39%
1 year	2.30%
2 year	2.15%
5 year	2.14%
10 year	2.37%
30 year	2.81%

##### Canada Prime Rate

3.95%

##### U.S. Prime Rate

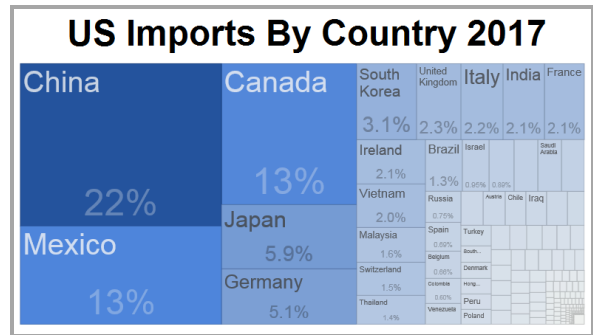
5.50%

##### Exchange Rates

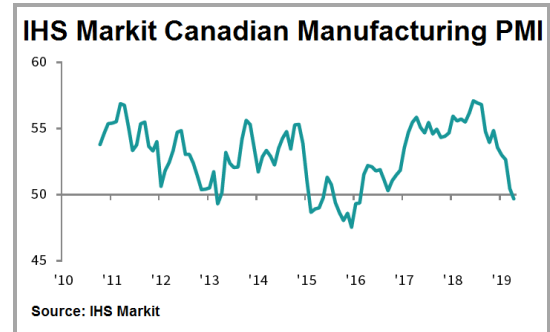
CAD/USD	0.744
USD/EUR	1.120
JPY/USD	109.6

## ECONOMIC TIDBITS TRUMP REIGNITES CHINA RHETORIC & CANADA FOLLOWS EUROPE INTO MFG RECESSION

• On May 5, after months of hinting of an impending trade resolution with China, US President Trump tweeted that the previously announced tariff hikes on Chinese imports would begin on May 10. The Trump administration claims that Chinese negotiators reneged on certain promises. To say it mildly, the markets reacted poorly to the news though they remain near all-time highs.



• IHS Markit Canadian Manufacturing PMI fell into contraction territory in April, falling to 49.7, below the all-important 50 expansion/contraction line. The last time the Canadian manufacturing sector was in recession was in early 2016 when oil prices fell over 70% to below US\$30 (WTI) and the oil provinces of Alberta, Saskatchewan and Newfoundland & Labrador were in recession.



## LE JIT A “JUST-IN-TIME” RUNDOWN OF OUR CURRENT INVESTMENT THEME

Bricks and Mortar Businesses Driving Traffic and Staying Relevant By Rolling With the Punches

- **Kohl’s (KSS-US)** and **Cineplex (CGX)** fit this theme.
- **Kohl’s** is the largest department store chain in the US with over 1,100 locations. Kohl’s trades at ~6x trailing EV/EBITDA, in line with other longstanding, US mass market brands like Macy’s and Nordstrom but a significant discount to stronger US brands like Target, TJX and Wal-Mart. Kohl’s recently announced a partnership with Amazon to offer customers free Amazon returns at all Kohl’s stores. Kohl’s also has partnerships with Planet Fitness and Aldi to share space to benefit mutually from customer traffic. Due to these partnerships, Kohl’s is doing far more than its peers to drive traffic to its stores and solidify the value of its real estate portfolio. We think Kohl’s should stand out from a valuation point of view too.
- **Cineplex** is the largest movie theatre chain in Canada and owns the upstart entertainment chain The Rec Room. After years of trading at a significant premium to US peers, Cineplex is now trading in line with peers on an EV/EBITDA basis. Cineplex’s focus on expansion of its The Rec Room concept as well as its monopolistic market position in Canada should allow it to drive traffic better than US peers through more effective promotional and pricing strategies.

**Key risk points:** Both of these stocks are consumer facing and changes in consumer confidence and spending impact both stocks. These companies also have a physical presence so if consumers shift their behaviour toward more convenient and less experiential spending, this would have a negative impact.

## JEANNINE’S TIP O’ THE MONTH Statement Linking

If you find that you want to receive paper statements but want to reduce the number of envelopes that arrive in your mailbox – we can help!

Please ask us how to set up your household statements to arrive in one envelope. We always love to reduce resources where possible! Inquire now or in your next review meeting.

**This newsletter has been brought to you by Steele Wealth Management**

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All rates mentioned within this newsletter are as of May 15, 2019, unless otherwise stated. Rates have been sourced from Bloomberg. All stock information has been sourced from Market-Q.

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