

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.

RESULTS OF THE CONTEST CELEBRATING 100 ISSUES OF TSWs!

Welcome to Issue 101. Please be seated class. Now that I have your attention...

Thank you so much for participating in the contest celebrating the 100th Edition of Taking Stock with Steele! We received many excellent questions that will inspire future issues of Taking Stock with Steele in 2020. Keep your eyes peeled for some great new topics suggested by participants in the coming months.

The winner of the charitable draw was **Catherine Campbell**, who chose the Salvation Army as her preferred charity. Steele Wealth Management and the Raymond James Canada Foundation will each give \$250 to the Salvation Army for a total donation of \$500!

We were eager to learn why Catherine chose the Salvation Army as her preferred charity. Cathy shared that when her husband Jim emigrated from Scotland in 1950 he had \$5 in his pocket and the time-tested organization colloquially known in Canada as the 'Sally Ann' helped him in those first early days. Jim went on to work and raise a family and supported the Salvation Army for the remainder of his life.

We are happy to support an organization with such an outstanding reputation. For all who participated but did not win, we thank you and our crystal ball anticipates charitable draws in future. Perhaps in less than 100 issues from now!

Here are a few facts about the Salvation Army for your consideration.

The Salvation Army is the largest non-governmental direct provider of social services in Canada. Its social programs focus on nurturing the capacities, skills and strengths of individuals rather than just meeting their needs. The Sally Ann is constantly looking for new volunteers and has plenty of paid positions available throughout the year.

In the 2017/2018 fiscal year:

- The Salvation Army provided 7,300 shelter, addictions, detox and mental health beds for vulnerable men, women and families in Canada
- The Salvation Army served 3.2 million free meals
- The Salvation Army assisted 1.236 million persons with food, clothing or practical assistance

"When you give to The Salvation Army, you are investing in the future of marginalized and overlooked people in your community."

This video on the website illustrates the powerful impact the Salvation Army.

<https://www.youtube.com/watch?v=knKn2ol2y7c&feature=youtu.be>

Current Rates & Data

Govt of Canada

90 day	1.64%
1 year	1.64%
2 year	1.50%
5 year	1.43%
10 year	1.41%
30 year	1.55%

U.S. Treasury

90 day	1.55%
1 year	1.52%
2 year	1.57%
5 year	1.58%
10 year	1.74%
30 year	2.21%

Canada Prime Rate

3.95%

U.S. Prime Rate

4.75%

Exchange Rates

CAD/USD	0.753
USD/EUR	1.107
JPY/USD	108.7

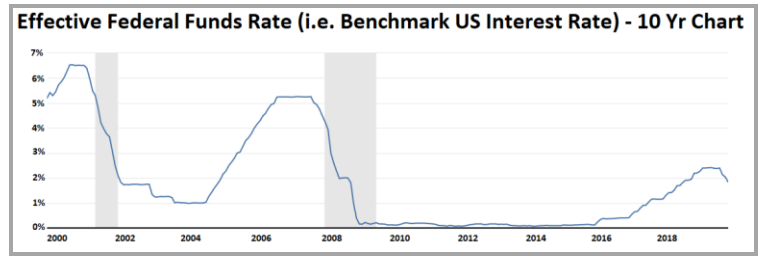
ECONOMIC TIDBITS BREXIT POSTPONED, UK SNAP ELECTION INSTEAD & THE FED IS FED UP

- UK parliament largely denied all Brexit bills proposed by PM Boris Johnson's government. As the PM was staunchly committed to the October 31 Brexit deadline, he pushed for a snap election to be held on December 12. Nigel Farage, head of the UK's Brexit party, announced his party would not contest seats held by Tory incumbents bolstering the odds of a more pro-Brexit government post-election.

PredictIt.org - Whom will the UK Parliament choose as the next Prime Minister?

Contract	Latest Yes Price	Best Offer	Best Offer
Boris Johnson	85¢ NC	85¢	Buy Yes Buy No 17¢
Jeremy Corbyn	13¢ 3c+	14¢	Buy Yes Buy No 87¢
Jo Swinson	2¢ 1c+	2¢	Buy Yes Buy No 99¢
Nigel Farage	1¢ NC	2¢	Buy Yes Buy No 99¢
Anna Soubry	1¢ NC	1¢	Buy Yes Buy No N/A

- The US Federal Reserve wrestled back control of interest rate expectations from investors after appeasing them with three 0.25% interest rate cuts. The Fed is now in a holding pattern with respect to its key interest rate and will look to economic data to guide its monetary policy rather than investor angst about the US-China trade war and Brexit. The market now expects no interest rate cuts in 2020.



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

Fed on Pause and Sees Sustained Expansion Ahead. Time for Cyclical to Rally, Temporarily at Least?

- FedEx Corp (FDX-US)** and **Linamar Corp (LNR)** are two ideas related to this theme.
- FedEx** is one of the world's largest multinational delivery services companies. FedEx shares are either pricing in significant and likely excessive integration costs resulting from its recent acquisition of the European juggernaut TNT Express or they are pricing in high odds of a near-term recession. FedEx shares trade at ~13x forward consensus earnings (which are already ~20% below peak earnings) versus its 10-year valuation range of 14x-18x. Meanwhile, FedEx's somewhat less cyclical peer, UPS, trades in line with its historical valuation.
- Linamar** is Canada's second largest auto parts manufacturer. Linamar shares have been depressed for some time due to the global auto manufacturing downturn and the ongoing trade uncertainty in North America and between the US and China. Linamar shares currently trade at less than 4x trailing EV/EBITDA, well below their historic average valuation. After sitting in limbo for over a year, there is new hope that the US and Canada will ratify the Canada-US-Mexico Agreement before 2020.

Key risk points: Both stocks are highly cyclical and traditionally see revenues and earnings decline more than average during a recession. Both stocks are also highly reliant on international trade and any changes to trade terms or regulations could impact their business in the short- and/or long-term.

JEANNINE'S TIP O' THE MONTH Raymond James Charitable Foundation Helping Make a Difference

The Raymond James Canada Foundation grew out of the generous spirit of our Raymond James Ltd. employees. Through our corporate donation matching which takes place annually at this time of year, we work together to strengthen the communities in which we live and work.

We would also like to extend an invitation to you to drop off any non-perishable food items to our branch during the first three weeks in December, which we will collect and deliver to the Food Bank in Kitchener-Waterloo Region.

This newsletter has been brought to you by Steele Wealth Management

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As the investment products listed in this newsletter may not be appropriate for everyone, a recommendation would only be made following a personal review of an individual's portfolio and risk tolerance.