

# 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.*

## STEELE WEALTH MANAGEMENT CELEBRATES 100 ISSUES OF TSWs!

We thank you for diligently reading our humble newsletter month after month for the past 8.333333 years! We hope you have enjoyed the various topics we have discussed and we appreciate the feedback we have received from our readers.

To be frank, after 100 issues of Taking Stock with Steele, it is increasingly difficult to come up with interesting topics. It is even more difficult to know if topics that we think are interesting are actually interesting to our readers. I mean, who doesn't like to hear himself/herself talk or "read himself/herself type" in this case?

To better calibrate our messaging and to maximize the enjoyment of the masses, we are holding a charitable draw to celebrate our 100<sup>th</sup> issue.

To enter the charitable draw, click on the link below and fill out as much as you can.



### Contest participants will receive:

- **One** ballot for entering your name, email address and preferred charity.
- **One** ballot for each friend or family member referred who participates in the draw and lists you as the referee.
- **Three** ballots for providing a specific article topic idea or asking a question. It is preferable that the question be investment related but we are also self-proclaimed experts in topics ranging from auto grooming to horse maintenance.

We will draw one ballot at random on November 10 and notify that winner(s) shortly after. We will announce the winning charity/charities in our November newsletter.

### What is at stake?

Coinciding with Raymond James' 2019 annual giving campaign, Steele Wealth Management will donate:

- \$250 to the preferred charity of the winner, and the Raymond James Charitable Foundation will match this donation **for a total of \$500!**
- If the winner was referred to the draw, Steele Wealth Management will donate another \$250 to that person's preferred charity, and the Raymond James Charitable Foundation will match that donation **for total donations of \$1,000!**
- The more people you refer to this draw, the more chances you get!

We invite you to share the gift of gifting with everyone you can! That said, we absolve ourselves of responsibility if friends or family report you as a spammer ☺.

Here is to the next 100 issues of Taking Stock with Steele!

### Current Rates & Data

#### Govt of Canada

90 day	1.62%
1 year	1.70%
2 year	1.62%
5 year	1.49%
10 year	1.47%
30 year	1.63%

#### U.S. Treasury

90 day	1.67%
1 year	1.65%
2 year	1.59%
5 year	1.53%
10 year	1.71%
30 year	2.19%

#### Canada Prime Rate

3.95%

#### U.S. Prime Rate

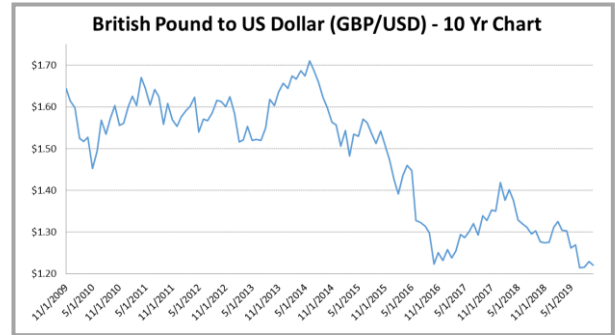
5.00%

#### Exchange Rates

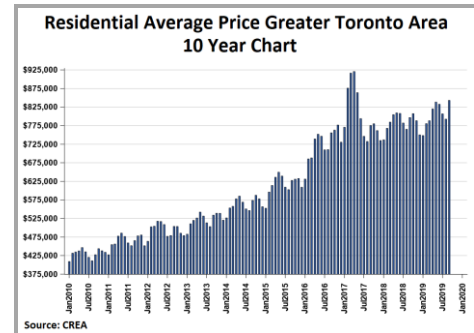
CAD/USD	0.757
USD/EUR	1.104
JPY/USD	108.6

## ECONOMIC TIDBITS BREXIT DEADLINE APPROACHING & CDN FEDERAL ELECTION ON OCT 21

- The UK and EU remain at odds over the Irish border. How can Ireland maintain free movement of people while allowing the UK to establish economic sovereignty over the North? UK PM Johnson maintains the UK will leave the EU on October 31 with or without a deal while UK parliament passed a law requiring Johnson to ask for a Brexit delay by October 19 if a deal has not been reached.



- The Canadian federal election is on October 21. Current polling has Trudeau's Liberal party ahead with Scheer's Tories as the only other party with a chance of forming government. The major parties are all touting continued deficits and hefty spending focused on families and first-time homebuyers. Canada's frothier housing markets seem to have caught wind of this future spending →



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

### Defensive Stocks for a Defensive Time; Investors Loving Neither Phones nor Cheese These Days

- **Telus Corp (T)** and **Saputo Inc. (SAP)** are two ideas related to this theme.
- **Telus** is the third largest telecom stock in Canada. Telecom stocks have underperformed other defensive sectors over the past year. Historically, the telecom sector performs well leading up to and during recession. Telus trades at less than ~8x trailing EV/EBITDA, its biggest discount to peers Rogers and BCE in recent memory and a ~10% discount to its historical valuation. Trudeau's Liberals have proposed a cut to cellphone bills of 25%, which is weighing on the sector. While any loss of pricing power is bad for telecom stocks, the previous push by the Liberal government to lower TV bills was a flop.
- **Saputo** is the largest dairy company in Canada. Saputo has lagged its consumer staples peers in Canada and the US by a wide margin over the past year. Saputo's future growth is tied to international expansion and the ongoing global trade tensions threaten that growth. Saputo's revenue/earnings stability (they mostly sell inexpensive milk and cheese); its reasonable valuation (~13x trailing EV/EBITDA) and limited financial risk (net debt of \$3.6 billion versus a market cap of \$15.7 billion) make it good defensive option.

**Key risk points:** Both stocks operate in highly regulated markets and regulatory changes markets can have a major impact on profitability. Changes in consumer buying behaviour could hurt these stocks.

## JEANNINE'S TIP O' THE MONTH OCTOBER IS CYBER SECURITY AWARENESS MONTH

With the growing number of devices we connect to the internet, Canadians are increasingly at risk of cyber threats. We can take precautions to protect ourselves from being a victim of cyber fraud. It pays to be aware of...

**Phishing Scams** – unsolicited emails, texts, social media posts prompting you to share personal information.

**CRA Imposters** – the CRA will *never* email or call demanding immediate payment or credit card information.

**Password** – use strong passwords containing capitals, numerals and symbols. Don't use the same password for all applications.

**When in doubt, throw it out** – links claiming to contain your tax refund or requesting information to obtain access to personal information. If an email looks suspicious in any way, stay safe and delete it.

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

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