

# 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.*

## TRAVEL INSURANCE HOW TO FIND THE BEST VALUE FOR YOUR SITUATION

A recent study by the Travel Health Insurance Associated of Canada showed that 13% of Canadians are not sure if they have travel insurance before going on a trip and 17% of those who bought travel insurance are not sure what their policy covers.

A serious medical emergency could result in medical bills in the tens, if not hundreds of thousands of dollars. Provincial health insurance plans typically only cover a fraction of this amount. Where should you start when it comes to determining your current travel insurance coverage and if you are underinsured?

### 1. Employee Benefit Plan

For those who are members of an employee benefit plan, it is important to verify your coverage. Some plans have robust travel insurance coverage while others do not. For those who were part of an employee benefit plan but are now retired, it is important to check how your benefits have changed since retirement.

### 2. Credit Cards

Many higher end credit cards provide medical emergency insurance if the trip is booked on the credit card. Those age 65 and over are typically covered for far fewer days than those age 64 and under. For example, those age 65 and over may only be covered for the first four days of the trip whereas those 64 and under may be covered for the first 14-21 days. Cardholders can often purchase “top-up” coverage from their credit card company so that they are covered for the duration of the trip.

Most credit cards come with at least some travel benefits such as trip cancellation insurance, common carrier travel accident insurance (i.e. payout if you die on a bus, plane, etc.), collision damage waiver insurance for vehicle rentals, baggage delay/loss insurance, flight/trip delay insurance and 24/7 travel assistance.

Be sure to read the cardholder agreement carefully to determine what conditions apply. If neither your employee benefits nor your credit card provides medical emergency insurance, it is worth considering a standalone policy to manage this risk.

### 3. Standalone Travel Insurance Policies

There are multiple ways to acquire travel insurance depending on when and how you purchase your trip. Insurance can be purchased from your travel agent/agency, a travel aggregator (e.g. Expedia, Travelocity, etc.), an insurance aggregator (Kanexis.ca, World Nomads, etc.) or companies like Manulife, Blue Cross, Costco and CAA.

**Cost:** Insurance aggregators tend to offer low prices as they force insurance providers to compete on price. Using memberships (Costco, CAA) comes with low prices as well.

**Duration:** This depends on the person/family. You can purchase travel insurance for a single trip or for multiple trips. Calculating the best value for you depends on how much you intend to travel.

#### Current Rates & Data

##### Govt of Canada

|         |       |
|---------|-------|
| 90 day  | 1.63% |
| 1 year  | 1.70% |
| 2 year  | 1.64% |
| 5 year  | 1.60% |
| 10 year | 1.60% |
| 30 year | 1.72% |

##### U.S. Treasury

|         |       |
|---------|-------|
| 90 day  | 1.53% |
| 1 year  | 1.52% |
| 2 year  | 1.57% |
| 5 year  | 1.64% |
| 10 year | 1.84% |
| 30 year | 2.31% |

##### Canada Prime Rate

3.95%

##### U.S. Prime Rate

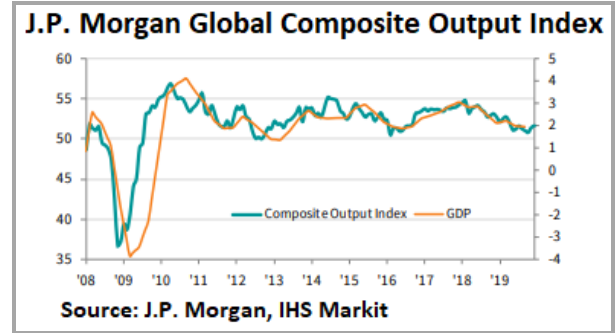
4.75%

##### Exchange Rates

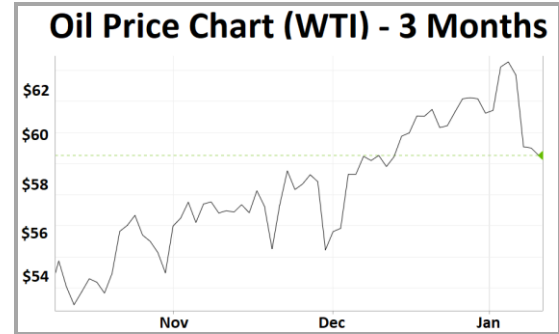
|         |       |
|---------|-------|
| CAD/USD | 0.766 |
| USD/EUR | 1.112 |
| JPY/USD | 109.6 |

## ECONOMIC TIDBITS GLOBAL GROWTH STABILIZES WITH HELP & US-IRAN TENSIONS BOOST OIL

- After a two-year downtrend, global economic activity as measured by the J.P. Morgan Global Composite Index PMI jumped to an eight month high in December. Numerous interest rate cuts around the world, significant ongoing budget deficits in much of the Western world and Chinese and Japanese stimulus worth a total of ~US\$350 billion drove this stabilization in global economic growth.



- Rising tensions in the Middle East – American and Iran-linked attacks on military installations, an attack on the US embassy in Baghdad and the elimination of a top Iranian general – supported an oil price rally throughout December and early January. While there was and still is a good chance of prolonged hostility, calmer heads appear to have prevailed for now if the retracement in oil prices is any indication.



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

### Searching for Fixed Income Alternatives with Low Volatility and Consistent Income

- Capital Direct I Income Trust (ITI110)** and **Timbercreek Four Quadrant Global Real Estate Partners/Trust (TBR007/601)** are two ideas related to this theme. *Please note that these investments are only available to clients who are on our discretionary platform or who are accredited/eligible investors.*
- Capital Direct I IT** invests primarily in first and second residential mortgages in and around urban centres. The mortgages are typically of lower than average size (~\$120,000 average loan size), with lower than average loan-to-value ratios (54%) and short durations (average time to maturity of ~15 months). The trust’s portfolio consists of ~1700 mortgages so the fund is well diversified. Since 2009, the trust has consistently returned 7%-8% net of fees, exclusively from interest earned on mortgages.
- Timbercreek 4Q** invests in private equity and debt and public equity and debt of real estate investment trusts (REITs). The trust’s key function is to purchase undervalued real estate assets and invest in those assets to help bring about the true value of the assets. Many of the purchases involve buying a property, getting property zoning classifications changed and/or making improvements and selling the property to an investor that buys and owns rent-generating assets. Since 2014, the trust has posted calendar year after-fee returns of 6.4%-12.6%, in line with the trust’s long-term annual return target of 8%.

**Key risk points:** Alternative investments are illiquid. These funds invest in private mortgages and real estate, which do not have efficient secondary markets to sell into like publically listed stocks. The historical stability of returns could also underestimate the risk/downside during an economic downturn.

## JEANNINE’S TIP O’ THE MONTH Steele Wealth Management’s New Website

Steele Wealth Management is happy to unveil an updated website, designed with mobile phones in mind.

We invite you to look at the new site, which features bios for our new team members and other useful information.

Go to [SteeleWealthManagement.com](https://SteeleWealthManagement.com) for more.

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

Brian Steele, CA, CPA, CFA | Jeannine Campbell | Laura Prust, CIM, CPCA  
Kelly Edmonds | Elizabeth Kernohan | Sam Ryder, CFA | Matthew Bell, CFA

Phone: (519) 883-6030 Toll-Free: 1 (877) 642-6408

Email: [steelewealthmanagement@raymondjames.ca](mailto:steelewealthmanagement@raymondjames.ca)

Address: Unit 1, 595 Parkside Drive | Waterloo, Ontario | N2L 0C7

Website: [www.steelewealthmanagement.com](http://www.steelewealthmanagement.com)

**To opt out of receiving this newsletter, please reply to this e-mail with the word “Unsubscribe” in the subject line.**

**If you know someone who would benefit from receiving this newsletter, please forward it to them and let them know they can subscribe by emailing us at:**

Any bond, debenture or preferred share ratings listed within this newsletter are those of DBRS (Dominion Bond Rating Service).

All rates mentioned within this newsletter are as of January 10, 2020, unless otherwise stated. Rates have been sourced from Bloomberg. All stock information has been sourced from Market-Q.

This newsletter has been prepared by Steele Wealth Management and expresses the opinions of the author and not necessarily those of Raymond James Ltd. (RJL). Statistics, factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. This newsletter is furnished on the basis and understanding that RJL is to be under no liability whatsoever in respect thereof. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities. RJL and its officers, directors, employees and their families may from time to time invest in the securities discussed in this newsletter. This newsletter is intended for distribution only in those jurisdictions where RJL is registered as a dealer in securities. Any distribution or dissemination of this newsletter in any other jurisdiction is strictly prohibited. Securities-related products and services are offered through Raymond James Ltd. Member-Canadian Investor Protection Fund. Insurance products and services are offered through Raymond James Financial Planning Ltd., which is not a Member-Canadian Investor Protection Fund.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds and other securities are not insured nor guaranteed, their values change frequently and past performance may not be repeated.

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.