

Taking Stock with Steele

Your Monthly Newsletter

The purpose of this newsletter is to ensure you are well informed. We sift through the noise and only bring you important topics of discussion and planning points useful to you.

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

WHAT IT MEANS TO BE AN EXECUTOR, TRUSTEE OR POWER OF ATTORNEY

Throughout November, Raymond James Ltd. is holding a three-part educational series focusing on what it means to be an executor, trustee or power of attorney (POA). We encourage you to participate in the last live webinar on November 24, or reach out to us and we can provide you with links to the webinar recordings.

A Common Obligation

Estimates show that one in three Canadians will one day find themselves in the role of an executor, trustee or POA. It is often seen as an honour to be chosen for such a job as it reflects that you are a trustworthy, honest and reliable person that can bear the burden of and the diplomacy required for the job. While this may all be true, many future executors, trustees or POAs may not realize the time, effort, responsibility and personal liability associated with these roles.

One way to dilute the responsibility and liability of these roles is to appoint numerous people to these roles. That said, this could potentially make performing these roles more complicated as the law requires that people sharing these roles agree on decision making, unless otherwise specified in the will.

How Raymond James Trust Canada (RJTC) Can Help

RJTC can be named as an executor, trustee or POA for property in your will. This is a great option for those who do not have willing or able persons to assume such roles but may also be a viable option to avoid unnecessary interfamilial conflicts and burdening your preferred executor with the associated responsibility and liability.

- RJTC as Executor – When acting as executor, RJTC will apply for probate, secure property, identify creditors, keep records, inform beneficiaries, pay beneficiaries, arrange for the valuation of assets, ensure taxes are calculated properly and paid on time, and manage assets during the estate period.
- RJTC as Trustee – When acting as trustee, you can be confident that the trust will be managed in an impartial and professional way that achieves your desired objectives. RJTC has tax expertise and knowledge of trust law, which are vital.
- RJTC as POA for Property – When acting as POA for property, RJTC will professionally manage your property and finances in the event of incapacity, acting independently, with all decisions made in your best interests.

For those who are already executors or trustees, RJTC can provide support whereby RJTC undertakes all of the functional tasks of administering an estate or trust, alleviating the executor of many of the responsibilities and personal liability. RJTC can also provide impartial advice to POAs. **Let us know if you would like to learn more about these services!**

Current Rates & Data

Govt of Canada

90 day	0.12%
1 year	0.66%
2 year	1.01%
5 year	1.52%
10 year	1.75%
30 year	2.10%

U.S. Treasury

90 day	0.04%
1 year	0.16%
2 year	0.52%
5 year	1.27%
10 year	1.62%
30 year	2.04%

Canada Prime Rate

2.45%

U.S. Prime Rate

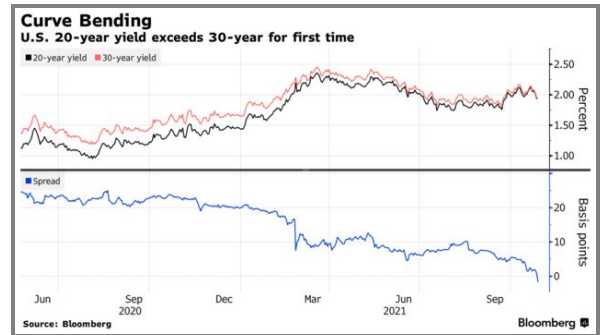
3.25%

Exchange Rates

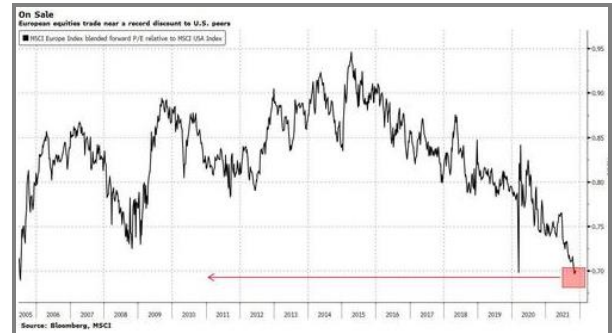
CAD/USD	0.794
USD/EUR	1.132
JPY/USD	114.3

ECONOMIC TIDBITS INVESTORS BET ON A US FEDERAL RESERVE ‘MISTAKE’ & OLD WORLD, NEW DISCOUNT

- The US Federal Reserve announced it would start to taper bond purchases in November, with a target end date of July 2022, opening the door to interest rate hikes thereafter. While investors have priced in several interest rate hikes in 2022 and 2023, gold and long-term US Treasury bonds have since rallied, indicating that investors are concerned that interest rate hikes may cool the US economy into recession.



- Valuations of European equities, based on forward earnings expectations, just hit a 16-year low relative to US equities. The forward price-to-earnings ratio for the MSCI Europe index is at ~15x while the MSCI US index is at ~22x, a ~30% discount! European equities have traded at a discount since the rise of the big US tech companies but the extent of the discount is likely near unsustainable levels.



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

Public Equity Markets Getting Pricey? This May Be a Great Time to Go Private!

- **Private Equity** has historically outperformed public equity markets, is generally less volatile than public equity markets and accesses parts of the economy that may be underrepresented in public markets. Private equity funds can also trigger value creation events by going public when public equity valuations are elevated. While private and public equities are correlated, private equity tends to outperform during equity market downturns, providing pension-style investors (like us 😊) with additional opportunities for rebalancing and value generation within a diversified investment portfolio.
- **Canoe Global Private Equity Fund (GOC99003)** is, in our opinion, the best private equity fund available to Canadian accredited investors. Relative to other private equity funds, Canoe prefers to invest in non-venture/startup companies that are well along the “J-Curve”, a theoretical investing sweet spot for private equity. The fund also invests the majority of its portfolio directly in value-oriented private businesses, while many other private equity funds are effectively venture capital funds or ‘funds of funds’. The fund is well diversified across economic sectors and run by highly experienced managers.

Key risk points: Alternative investments are illiquid. This private equity fund invests in private companies, which do not have efficient secondary markets to sell into like publically listed stocks. The fund has a two-year “soft lockup” which penalizes redemptions in the first two years after the purchase date. The historical stability of returns could also underestimate the risk/downside during an economic downturn.

JEANNINE’S TIP O’ THE MONTH Charitable Giving Made Easy with Charitable Giving Funds (CGFs)

The deadline to make grants from Raymond James Charitable Foundation CGFs is December 15.

CGFs allow the donor to donate a significant amount to a charitable account that is managed by his/her investment advisor and benefit from the tax-deductible charitable contribution. The donor can then grant funds to charities from the CGF over time. Many families use CGFs as a cost-effective mini-family foundation.

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.