NEWSLETTER – DECEMBER 2017

From an investment perspective 2017 has been outstanding for its resilience. Values have continued to march steadily upward despite already high levels and there have been no significant corrections. We feel you will be presently surprised with your overall returns for the year. Despite all the political turmoil, the world's economies have all been growing together for the first time since 2008. The fund managers are telling us that they do not see a significant downturn in the next 2 to 3 years because there is so much cash on the sidelines that every time the markets dip by 2% to 3% the cash flows in and pushes them right back up.

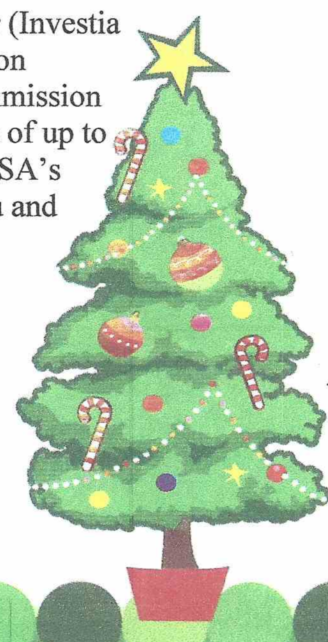
Statistics Canada just released a study that shows that the 2016 median family net worth has increased by almost 15% to $295,100! (Most of our clients are well above this number, but perhaps someone you know?) A 15% increase is nice, but wait a minute – net worth is how you fund your retirement. A 5% return on $295,000 is less than $15,000 income per year. Can you live on that plus CPP and OAS? Certainly not in the style you have become accustomed to! Most of that net worth is tied up in the value of houses – how do you spend a house?

By coincidence, CIBC released a study that found that 85% of Canadians agree that they need to save more money, but 64% admit that they do not make it a priority. Pleasure and entertainment ranked far higher. That doesn't say much about our long term thinking ability. **Will 2018 be the year you resolve to strike a better balance?**

Over the past year, we are finding that the mutual fund industry is becoming much more competitive with many firms lowering the MER (management expense ratio) and making it easier to qualify for high net worth pricing. This is all to your advantage and we are constantly looking for ways to save you money.

Regulation in the mutual fund industry is ever changing and becoming more and more difficult all the time. The Canadian Securities Administrators (CSA) are proposing changes that are designed to take away yet more of your choices as investors. The proposal will change how you purchase your investments and how your advisor is paid for the services provided to you.

When purchasing your investments today you have multiple options of up-front or deferred fees that include a commission embedded within the MER that is paid to the dealer (Investia Financial Services Inc.) or a fee for service where you pay the MER and commission directly. Most of our clients opt for the up-front option that has the embedded commission paid to the dealer. We refer to this as front end at 0%. The embedded commission of up to 1% is paid to the dealer who in turn pays a portion of that to your advisor. If the CSA's proposal is approved you will only have the fee for service options available to you and will be required to sign an agreement to pay the dealer directly by having the fee withdrawn from your investment account.



The industry, and our association (Advocis), fears that small investors would be hurt the most if the change is forced on them. This is because most dealers and advisors could not afford to serve small investors (the annual compensation to Investia on a $1,200.00 investment is $12).

We feel you should have the choice and urge you to go to www.financialadviceforall.com and make your opinion known to your politician.

Earlier this year we revamped our website www.befinancial.ca, if you have not had a chance to take a look please do, there are a lot of updated features we have added. There is a quick link to access your investment portfolio and you have the ability to get quotes for various travel and health insurance products as well as numerous calculators for retirement and personal investment solutions. If there is something you would find useful please let us know and we will look into having it added the website.

We look forward to discussing your future with you!

Merry Christmas and Happy New Year!

Bob Cory Tammy