

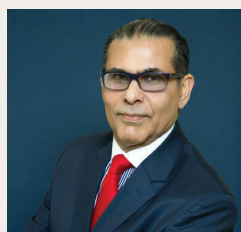
KARIMVISRAM
PRIVATE WEALTH MANAGEMENT GROUP
OF RBC DOMINION SECURITIES

Private WealthManager



Wealth Management
Dominion Securities

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A word from Karim

As much as I refuse to listen to Father Time, I must be getting older as time is going by faster each year. I can't believe it is already July as I write this and Aqil (the future tennis star-wannabe) turned 16 today. I can't believe that I am the father of a 16-year old boy. It was not too long ago, I was 16 myself and causing my parents plenty of grief. Okay, it was a long time ago that I was 16 (43 years ago, but who is counting?). I am glad he is not like I was at 16, as I don't know how mom and dad coped with me. I would have disowned me at 16, and I don't know why they didn't. But I am glad they didn't.

Many things have happened in the last three months that I can take up this whole newsletter talking about it, but I will try not to as I want to spend some space talking about what's happening in Europe.

A few weeks ago, I treated Kiyaan (and myself actually) to watch five Copa America soccer games in Los Angeles and Boston. We saw some great soccer and Kiyaan got to see his soccer god (Lionel Messi) and, most importantly, we had some great father-and-son, one-on-one bonding time, which is priceless and the thing that I will cherish the most. I hope to spend one-on-one time with both Aqil and Kiyaan each year.

I also wanted to thank all of you for your feedback regarding Jeamie's story in the last newsletter. I am so glad you got to know Jeamie a little more as I know she touched us all and we miss her dearly.



Thank you for allowing me to share her story with you.

On a sad note, we lost my older brother Alikhan, who passed away a few weeks ago. He was five years older than me and had been suffering from MDI which is similar to muscular dystrophy. As much as I will miss him very much, I know he is in a better place and is not suffering like he had been the last few years. He leaves behind my sister-in-law, three beautiful daughters and the cutest granddaughter, Sarah, with another one on the way in November. For those of you who joined us for our annual Christmas brunch, you may have seen Sarah – as I carried her to the stage at the end.

I have so much more to say, but I better end my musings here, or else the editors will send me nasty emails. More to say next time.

Brexit

A historic vote on June 23rd saw British voters choose to exit the European Union by a 52%-48% margin. The resulting sell-off in risk assets across the world saw \$2.5 trillion dollars (in \$USD) of value erased as investors scrambled for safe haven assets.

Since the vote, markets have rallied strongly on more monetary and fiscal stimulus from central banks in Europe, Japan and China. However BREXIT will take years to resolve so I thought I would spend some time in this newsletter explaining what may or may not happen over the next 3 – 5 years.



A country (such as the UK) can only leave the European Union by exercising the Article 50 clause, which is part of the Lisbon Treaty that created the European Union. The clause is brief, vague and until now untested; but lays out a path for a country to leave the EU. The process begins when the elected leader of the country submits notice the European Commission of its intention to leave the EU. Once the notice has been submitted, the country has 2 years to negotiate exit terms with the EU that must then be ratified and voted upon by every other country in the EU.

So the process seems pretty simple, you submit a request, you negotiate

an exit and then it has to be voted on, what could go wrong? Well just about everything because the real world is a very messy and complicated place. Here are some of the issues that both the UK and EU face.

First, the BREXIT vote was not legally binding and therefore would require approval of the Houses of Parliament before triggering Article 50, this is complicated by the fact that of the 637 elected MP's that disclosed their voting intentions, 489 (76%) had voted to stay. What will likely occur is that a general election would be called with a legally binding mandate to leave the EU.

To continue with the thread of BREXIT being non-binding, Scotland and Northern Ireland (which voted heavily to remain in the EU) is already preparing a legal fight through the courts to stop the UK from leaving, on the grounds that the vote was non-binding. If this fails, First Minister Nicola Sturgeon has stated that Scotland would hold a second referendum that would likely mean leaving the UK and remaining in the EU. The loss of Scotland and possibly Northern Ireland would have unknown consequences on the England and Wales' decision to leave the EU.





The U.K. referendum is not legally binding – a "Brexit" legally requires approval of both Houses of Parliament.

The next issue is the 2-year timeline to negotiate an exit. Prior to BREXIT, the EU was in the process of finalizing a free-trade agreement with Canada, which took approximately 10 years to complete. The UK is much more integrated into the EU than Canada will ever be, so assuming the negotiations can be completed in 2 years is out of the question. The 2 year time line may be pushed even further back as there are general elections in Germany and France in 2017 and EU bureaucrats may choose to wait to see the outcome of those elections before starting negotiations with the UK.

The reason EU bureaucrats may take a wait and see approach is that immigration and border control became the most important issue for BREXIT (especially leave) voters. However rising anti-immigration sentiment is not limited to the UK but is widespread and growing across Europe. Major electoral losses to far right-wing nationalist parties may force Angela Merkel and the other EU leaders to change their policy stance on open

and unlimited immigration. This leads to an interesting question, if the EU makes a major policy change around immigration and border control that will stop or slow the flood of refugees from North Africa and the Middle East, will that be enough to appease BREXIT voters and incoming Prime Minister Theresa May to remain in the EU?

As you can see, there are many uncertainties still regarding the BREXIT vote and we haven't even talked about the future of the City of London (a global financial hub that makes up more than 10% of the UK's entire economy). Or what will happen to the 1.5 million Brits that live and work in the rest of Europe while almost 3 million EU citizens live and work in the UK.

Finally there's a high probability that other countries will hold their own referendums and how that will affect the UK or EU is unknown. Therefore it's safe to say that the BREXIT vote was just the beginning of something that will likely be in the news for a very long time so stay tuned.

New team members

I want to take this opportunity to introduce two new members, Herman and Kira. Most of you have already talked to one or both of them but I wanted to tell you a little more about them.



Herman Venegas – Herman has been with the team close to one year. He grew up in Toronto where he attended high school at Northern Secondary near Eglinton and Mt. Pleasant. Upon graduation he took two years off to complete church service in Mexico where he lived in some of the poorer areas and learned to appreciate the little things in life that make one happy. Herman enjoys spending time with his wife Sabrina and their one-year old baby daughter, Stella.



Kira Fulford – Kira has been working at RBC Dominion Securities since 2013. She attended Queen's University where she studied Health Sciences and was a member of the varsity sailing team. She is currently studying for her Canadian Securities Course and CPH exam to become a fully licensed associate. Sailing has become a big passion of Kira's. She competes in a weekly racing league and multiple weekend regattas throughout the year. Kira also participates in a variety of other sporting activities, including yoga and downhill skiing.

Upcoming events

Christmas brunch

It can never be too early to plan for a Christmas celebration. In an effort to find that perfect mix of venue, food, entertainment and parking, we have found a great place that we hope will bring all that together. This year's Christmas party will be

at The Boulevard Club on Saturday, December 3.

RBC Canadian Painting Competition

The Painting Competition is back this year at the Power Plant. The schedule is still tentative but will

likely be held on Wednesday, September 21st at 6pm. I will be sending out invitations late August or early September once everything has been worked out.



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