



PHOTOS: BRUCE TRAIL: DEVIL'S PULPIT – CALEDON, RATTLESNAKE POINT - MILTON



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**Upcoming Events:**

<http://www.alexvieira.ca>

**Retirement Planning the Everest Way**

May 12  
Studio Kitchen at Foxglove Design, Aurora  
7:00 – 8:30 pm

**Tax Planning for Business Owners**

May 31  
RBC Dominion Securities, Aurora  
7:00 – 8:30 pm

**Webinar: Charitable Giving**

Create a lasting legacy  
May 17  
12:00 – 12:30 pm

**Webinar: Cottage Succession Planning -**

Protect the value of your estate  
May 26  
12:00 – 12:30 pm

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Does walking up hundreds of steps directly up a mountain sound like fun to you? If yes, you don't need to live in Italy to do the Via Ferrata in the Dolomites or live in Vancouver and do the Grouse Grind to find an exciting hike. If you want to "hike the iron paths" check out the Devil's Pulpit section of the Bruce Trail in Caledon – the section is so steep there is a cable bolted into the rock face for you to hang on to as you climb! Or, climb the hundreds of stairs at Rattlesnake Point in Milton! Don't feel you need to be extreme to enjoy the Bruce Trail; there are many different sections to explore for a relaxed day out.

Its spring and real estate is on everyone's minds – what's their house worth, should they buy a rental property? This month's newsletter looks at ideas for investing in real estate and the impact of the March federal budget on your investment portfolio.

Please contact me for a review of your portfolio to help you reach your wealth management goals.

Cheers!  
Alex

## Real Estate Investment Alternatives

Real estate markets in Toronto and the GTA have been red hot for the last six or seven years and many people I talk to want to invest more of their money in real estate. Real estate holdings should be one part of the asset allocation of your portfolio along with fixed income, equities, ETF's and mutual funds. Four ways to own real estate are:

### 1. REITs

Real Estate Investment Trusts are much like a mutual fund that invests in a portfolio of real estate of specific types of properties such as apartments, office, retail or hotels. Unit holders get a proportional share of profits and losses. Investing in REITs is a lot less work than being a landlord.

An apartment REIT, for example, buys multiple complexes and properties throughout the country, manages them and handles the portfolio. Unlike amateur investors, the purchases for any new properties are made by professionals with experience and heavy research. And most importantly for some with limited funds, REITs allow you the chance to invest with a smaller share of cash needed to buy a house or apartment.

### 2. Mortgages

Mortgage investment corporations "MIC" or mortgage investment mutual funds are alternative fixed income investments. The investment objective is generally to preserve capital and earn higher rates of interest than a GIC by investing primarily (50% or more) in residential mortgages. They can invest in different types of mortgages (first and second mortgages), geography, etc. Each fund has



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its own risks, so you need to understand what you are buying, especially the quality of the underlying mortgages.

### 3. Securities of Real Estate Companies

You can gain exposure to the profits made in real estate by investing in the equity securities of companies in the mortgage and real estate business.

### 4. BYOB – Buy Your Own Building

Being a landlord I have had to deal with boa constrictors, tenants who don't pay, floods, turnover, staging, and mould removal. You name it, I've dealt with it, and personally, I'd rather go for a hike ☺

## Federal Budget – Proposed Changes – Impact to Your Portfolio

The following may put you to sleep. You can read it, or better yet, call me to discuss the impact of the budget proposals on your investment portfolio.

The budget proposes to remove some of the tax-effective attributes of two popular structures. It only affects investments in taxable accounts, not investments in RRSPs, RRIFs, or TFSAs.

The proposed changes would apply after September 30, 2016. As a result, investors holding corporate class mutual funds or linked notes should review their portfolio now to determine if any changes should be made before October 1.

### 1. Corporate Class Mutual Funds

Proposal to deem a switch (or exchange) between share classes of a mutual fund corporation to be a taxable deemed disposition. Currently exchanges between share classes can be done on a tax deferred basis.

### 2. Linked Notes

Proposed changes include changes to the tax treatment on the sale of linked notes, including principal protected and non-principal protected notes.

Previously, an investor who held a linked note in a taxable account and held the note to maturity would be required to include any positive return in ordinary income. For an investor who held a linked note in a taxable account and sold in the secondary market prior to maturity, the general practice was to treat any gain as a capital gain.

The 2016 budget proposes to deny capital gains treatment on secondary market sales of linked notes, and treat any gains over the principal amount of the note as ordinary income.

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