

YourWealth



Views and opinions
for the clients and friends of

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Luukkonen Partners
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Welcome to those clients
who joined us this quarter
and thank you to those who
recommended our services.



Santa Claus is Coming to Town

Christmas is probably the most exciting time of year for families with young children. The anticipation that children have for the holidays is infectious and it is hard not to get caught up in their talk of Santa and presents. As long as everyone is good they can stay off the naughty list and look forward to a merry Christmas filled with gifts for all. Even being a little bit naughty can sometimes be ok. Santa nowadays is a very forgiving present bringer. Perhaps however the most important thing to remember for getting presents from the man in red is that you have to believe. As long as the children believe in Santa he will work hard to make sure that his presents get delivered.

For the last few years investors have been trying very hard to believe as well. Instead of believing in a fat man in a red suit however, investors have been trying to believe in the ability of the central bankers of the world to guide the global economy back to growth and recovery. Investors have had to believe that the bankers have a plan and know what they are doing.

So far a belief in the abilities of the world's central bankers has paid off. Equity markets around the world enjoyed strong gains throughout 2013 as improving fundamentals, better investor confidence and lots of quantitative easing pushed stock prices higher. The Toronto market gained roughly 10% in 2013 which sounds impressive until it is compared to the mid-20% returns of U.S. markets or the 40% gain seen in Japan. Clearly believing in the talents of Ben Bernanke and his global peers was a winning strategy for the year.

In many respects however 2013 was an easy year to be a believer as none of the hard policy decisions needed to be made this year. After navigating the global economy through the worst of the financial crisis the most difficult task facing central bankers was always going to be unwinding the massive stimulus programs they started in the dark days of the Great Recession. At the beginning of 2013 the year looked like it would be a transitional one. The great tide of quantitative easing would eventually begin to slow and then start to ebb as the year went on. (CONTINUED ON PAGE 4)

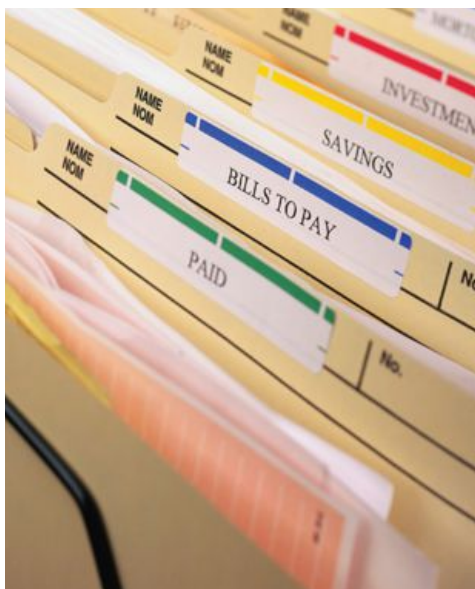


RBC Wealth Management
Dominion Securities

Power of Attorney: Things You Should Know

Most people have at least heard of a Power of Attorney. Hopefully almost as many will have one for themselves. For those not familiar with the term, a Power of Attorney (POA) is a document that authorizes one or more individuals (referred to as the attorney) to act on behalf of someone (the donor) for certain tasks. It is most important to have a Power of Attorney in case you become incapacitated and cannot perform for yourself your normal tasks such as paying bills or managing your investments. You should note however that a POA does not require incapacity. You can make your Power of Attorney effective regardless of your condition. You may still be able to pay your bills but just choose to have your attorney do it for you.

As our clients age we are seeing Powers of Attorney used more and more. One issue that occasionally comes up is that some POA documents do not provide the attorney with the authority to do certain tasks that may be in the best interest of the donor. There are powers that a POA grants an attorney due to common law but beyond those the document itself must explicitly describe the powers of the attorney. Many of the clauses in a POA document are fairly standard, however there are certain powers a lawyer may not include by default in a typical POA. Two major areas of concern deal with investment management and estate planning.



A Power of Attorney grants the attorney the ability to make investment decisions on behalf of the donor. Unless otherwise specified however the attorney cannot delegate that investment authority to anyone else. That means that the attorney must authorize every transaction in the donor's account. This may be fine but in many cases it may be preferable to hire an investment manager to oversee the investments directly. To ensure that the attorney has that option it is necessary to include a clause in the Power of Attorney document allowing for the delegation and sub-delegation of investment management to third parties.

Estate planning is hopefully something that has been addressed prior to the Power of Attorney needing to be used as a typical Power of Attorney provides the attorney with limited ability to make estate planning decisions. By default a POA does not allow for the implementation of some common planning strategies. Moving assets from an account only in the name of the donor to a joint account with rights of survivorship, settling an inter vivos trust and making gifts or loans to third parties, including charities, are all disallowed unless explicitly authorized by the Power of Attorney document. Depending on the circumstances each of those tasks could be very important in arranging the donor's estate. Because each of those tasks allow for the relinquishment of assets by the

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RBC Mobile App: If you have an iPhone or iPod touch, you can download the RBC Mobile app, which lets you view and track your investment accounts right from your phone.

e-Documents: Access your documents (such as statements, trade confirmations and prospectuses) at any time. DS Online includes a 7-year archive of documents.

Detailed Account Information: View your account information, transaction history, investment news and research 24 hours a day, seven days a week.

Real-Time Fund Transfers: You can transfer funds from your RBC Royal Bank accounts to your RBC Dominion Securities accounts in real-time (during regular business hours).

Intraday Holdings & Orders: Check the value of your holdings based on current pricing as well as the status of your orders.

Real-Time Quotes: Obtain detailed real-time quotes for stocks and options listed on Canadian and U.S. markets, and daily closing prices for mutual funds.

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Enhanced Research Capabilities: The Markets & Research page provides current trading day market snapshots, commentary and news.

Please give us a call or send us an email and we can provide you with your personalized sign in instructions.

donor there is a greater risk of abuse by the attorney. It is important to discuss the advantages and disadvantages of allowing your attorney access to these powers with your lawyer.

We recommend that you review your Power of Attorney documents to ensure that they provide your attorney with the appropriate authority. Please give us a call if you want more information or to discuss Powers of Attorney in more detail.

Cash Requests: Verbal Confirmation Required

While email and electronic communication is becoming more and more important in the managing of our day to day lives please note that we require verbal confirmation for any request for funds. For your protection we will not transfer money or issue cheques based only on an email request. Please phone us to request funds or if you do send an email you should understand that we must talk to you before we can act upon your instructions.

Forty Years and a Gold Medal to Boot

Yes folks, it's forty years and counting for yours truly in the investment business. What was happening in 1973? Moviegoers were watching The Sting and the Exorcist and the best selling records (remember those?) included Tie a Yellow Ribbon, Crocodile Rock and Killing Me Softly with His Song. What memories! If only I could remember them all.

So it was September of 1973 that I sat down at my desk in Oshawa for the first time, full of optimism and enthusiasm. Fear and trepidation soon followed as world stock markets began to fall apart, with 1974 becoming the worst year for investors and the investment community since the Depression of the 1930's. "Welcome aboard Luke" they had said but it soon seemed that I had become a new crew member on the Titanic. Somehow I found a lifeboat and survived.

In turn the lifeboat experienced friendly winds and blue skies but also turbulent waters with the occasional hurricane. I saw short-term interest rates at 21% and I watched rates plummet to less than 1%. In a fifteen year time period the Dow Jones went up 1000%. In one day it went down 22%. When I sat at my desk for the



first time gold was \$100 an ounce. We have all seen it at \$1900. Very few active advisors have witnessed the volatility in investment vehicles that I have witnessed. Keep two things in mind: never say never; when everyone believes something is going to happen, chances are it won't.

My partners and I spend a lot of time trying to "figure things out" on a daily basis but the most enjoyable part of the day for me is communicating with you. It is honestly a pleasure and that's what keeps me coming to work everyday. Clients become friends so to put my "job" into perspective I get to touch base with friends all day long. What's better than that? I want to thank you for your friendship and I look forward to continuing our conversations for a long time to come.

The gold medal? Every four years the World Masters Games take place. Let's

Do We Have Your Email?

We send out a regular email update a few times a month. Typically sent on a Friday afternoon we try to provide a bit of a market update along with some of our thoughts and links to a few articles that we found worth reading. If you are not getting them please let us know and we can add you to our distribution list.

call it Olympics for old folks. This year the venue was Torino, Italy in the month of August. I was on the Canadian team in basketball (age group to remain a secret) and we were lucky enough to win the gold medal. World champions. How about that! We'll defend in 2017 in New Zealand. I hope

my legs are still moving.

So 2013 was indeed a year of celebration for me but also a year of reflection. I want to express my thanks to my partners and colleagues but mostly I want to say thank YOU.

Important Dates & Holiday Hours

Dec 24 2013: Last day for tax-loss selling. Markets & Our Office close at 1:00

Dec 25 2013: Office Closed – Merry Christmas!

Dec 26 2013: Office Closed

Jan 1 2014: Office Closed – Happy New Year!

Jan 2 2014: First day for TFSA contributions in 2014

March 1 2014: RRSP Contribution Deadline

April 30 2014: Tax filing deadline



circa early 1980's

Santa Claus is Coming to Town

(CONTINUED FROM PAGE 1) Instead, as time passed it became more and more obvious that 2013 would not be the year that central banks would begin any meaningful return to normal monetary policy. An even longer period of quantitative easing and ultra-low interest rates than what was expected at the start of the year meant that speculative investors could (and did) push markets higher.

As we approach 2014 the situation is somewhat reminiscent of the end of last year except that this time, barring a terrible turn for the economy, central banks will have to start unwinding their stimulus programs. Most recognize that the longer the status quo prevails the more difficult the eventual unwinding will be. While it is very difficult to call a bubble before it bursts the many billions of extra dollars flooding the markets every month will be creating excesses somewhere and the longer the billions continue to flow the greater the risk of those excesses becoming large enough to cause problems.

The challenge for investors as we head into 2014 will be the way in which several factors interact with each other. The concern over the withdrawal of monetary stimulus will likely play a significant role



in market performance next year. While it is clear that “the end” is coming the timing is uncertain as is how the market will respond to its eventual arrival. Economic and corporate fundamentals will likely continue to be positive and thus broadly supportive of good market performance. Corporate profits remain high and globally, businesses and consumers are feeling more confident and are likely to increase their spending. How quickly corporations are able to grow their profits will also be important: the big gains in stock prices this year have pushed many to the high end of (or above) their traditional valuation ranges. Continued ultra-low interest rates help justify these prices but rising profits would go a long way to support

valuations in an environment where interest rates will eventually start to rise.

If central bankers were Santa Claus, 2013 was like the month of November. Not a whole lot is demanded of the big guy that month. But 2014 will be like December. Come Christmas investors will look under the tree and learn whether or not their belief was well placed. Regardless of whether or not you choose to believe in Santa we will do our best to make sure that you are not dependent upon the man in red for your goodies next year.

In the meantime, best wishes for a safe and happy holidays from the three of us at Luukkonen Partners!



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