THE FORTNIGHTER

May 16, 2014 – Issue #33

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In case you missed it, Canada's "newest" bank name was unfurled last week. In what was probably one of the worst corporate name changes in Canadian history, the financial institution formerly known as ING Direct (which was purchased by Bank of Nova Scotia in 2012) was re-christened as "Tangerine Bank".

You have to wonder… Did senior BNS executives hold a name-the-bank contest amongst their kindergarten-aged children?? Or, was it that such boring handles as Deutschebank or J P Morgan were already taken and they felt compelled to name this institution after a colour or a piece of fruit? What's next, Mango Bank for their Caribbean division?

Normally, I wouldn't care about such things, but I was mortified to realize that the ING GICs I have been buying for clients' accounts are now going to show up as "Tangerine Bank" GICs on monthly statements. I'm waiting for the first of many calls…

Despite that less-than-confidence-inspiring name, I suspect that a few clients will also be wondering why I am now buying GICs. After all, it hasn't been my practice in over 25 years in the investment industry.

The fact is that the current situation in the Canadian fixed-income market has now made it quite attractive to purchase GICs instead of shorter-term government and corporate bonds.

If you follow the market for bonds in Canada, you will know that the demand for bonds is extremely strong. Virtually every day at RBC DS I see new issues of government or corporate bonds come to market – and be snapped up in a heartbeat by hungry buyers. Despite incredibly low yields, demand for bonds – especially by institutions such as pension funds and insurance companies, is amazing.

Now, when demand is high, so are prices. And since bond yields vary inversely with price, yields on bonds are driven ever lower. The same is not really true for the GIC market. GICs are "retail" products aimed at individuals – not institutions. The supply/demand dynamic is not as efficient. I'm finding that GIC yields for a particular maturity are often 30 to 40 basis points higher than, say, an A-rated corporate bond.

That may not sound like much, but if a 2-year A-rated bond pays 1.75% and a 2-year GIC pays 2.15% that's a big relative pick-up in yield. Furthermore, the GIC is fully deposit insured up to $100,000 – so it's similar to an AAA-rated bond in that sense.

The only other issue with GICs is that they are typically locked-in. However, RBC DS provides for a good secondary market for GICs which alleviates much of this issue. Furthermore, I'm typically augmenting bond portfolios with GICS, not replacing them entirely. That gives clients a good mix of liquidity and yield – which, after all, is what we're looking for in a fixed income portfolio.

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