



For the Friends and Clients
of Lara Austin of
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Greetings readers

Re-assessing the house. Nothing forces you to focus on life's little details quite like a house move.

I recently moved house (only 4.2 km), but after living in the same home for 12 years, it has been quite the adjustment. All those things you took for granted; like which drawers hold which dishes, how to work the thermostat and remembering which direction to drive home – now take a focused energy.

Investors seem to be using the catalyst of change (the Trump election) to re-assess their investment house. Asking great questions like, “How much do I have in U.S. Equities?” “Should I be buying more U.S. cash?” and even “How will the U.S. policies affect my Canadian investments?”

Firstly, our firm provides fantastic portfolio software that allows our clients to see “behind their mutual funds” and see the true direct exposure to each asset class both as a percent and exact dollar. VERY helpful to identifying answer to the question “Where are we now?”

Also helpful are answers to “Where are we going?” Research by RBC Wealth Management Strategy Group is available on a daily, weekly and monthly basis (see commentary section on my website). Ongoing REVIEW

meetings help clients understand and customize their portfolios to meet their circumstances. Just like snowflakes which have the same chemical composition, but no two are the same – so are my clients. Clients may have different risk capacity, income needs, return objectives, estate goals, definitely unique income tax situations and all of that is taken into consideration when recommendations are provided.

This April marks my 20 year anniversary at RBC Dominion Securities! It feels like just yesterday that I was a young puppy just out of University. Ignorant to the fact that it was major recession in Ontario in the 90s (and should be grateful to get any job), I set out to join the investment industry and was hired by the company of my choosing! After cutting my teeth as a licensed associate, I moved to the Comox Valley 15 years ago, this time as an advisor, building my practice one client at a time. This truly is one amazing career choice. I am so honored to be part of your lives and look forward to another 20 years!

Cheers,

Lara D. Austin

Helping you protect your online presence...

In today's world of social media, mobile, cloud, big data and analytics, it's more important than ever that we all maintain a healthy awareness when it comes to protecting our privacy. There are two areas where we would like to alert you to being more technology savvy.

The first area we want to bring your attention to securing your LOGIN ID and password for your DS Online viewing. A **New feature of DS Online** is the ability to provide "electronic signature" and directions for activities such as changing addresses, providing instructions to wire funds to a third party and de-register funds from a RRIF or RRSP. In the past these activities required an original signature. This new feature now provides timely processing and convenience for clients that live far from a branch, are immobile, or are travelling. We always VERBALLY confirm instructions with you, but as an added precaution, we urge clients to not share their Login ID and passwords with anyone.

The second area we want to bring to your attention is "Phishing". Phishing is an online scam designed to trick you into disclosing your personal or financial information for the

purpose of financial fraud or identity theft. Cybercriminals who create phishing emails have become more sophisticated in luring people into clicking on their phishing emails. This can trigger damaging effects that inevitably provide backdoor access to your private information. Here are five tips to help you recognize and avoid phishing emails:

Just because an email or website appears to be from a legitimate company doesn't mean it is. Phishing schemes are designed to look real in order to trick users into divulging personal information such as credit card numbers, account numbers, passwords, date of birth, driver's license number, or your social insurance/social security number for the purpose of financial fraud or identity theft.

Phishing emails have become more targeted and personalized and often use your email address such as "Dear john.doe@abcd.com" or even your name.

Some emails will refer to a "problem" with your account and urge you to access a link to verify your information. We will never notify you of a problem through an unsolicited email. There is often a sense of urgency in the



email encouraging you to respond immediately.

Many emails have links that look valid and are very enticing but lead to a fake website or contain a virus.

And finally, if it sounds too good to be true it probably is too good to be true.

If you think your banking privacy or security has been compromised in any way, please contact us immediately. We have a dedicated team working 24/7 to prevent, detect and investigate fraud.

"The real measure of wealth is how much you'd be worth if you lost all your money."

– Unknown



How currency exchange affects your life

Article by Suzanne Sharma, November 17, 2016
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If you've ever wondered why we can't have a single currency so you wouldn't have to exchange money every time you go on a trip, you're not alone. But the reason behind having different currencies is simple. The value of money is determined by each country's monetary policy, which is a process that controls the supply of money based on interest rates. For instance, the Bank of Canada controls how much money circulates through the Canadian economy, and in turn influences what money is worth. Since there isn't one global economy, there can't be a single monetary policy controlled by one authority that supplies a unified currency.

What causes currencies to go up and down?

People and corporations spend money to buy goods, and the value of those goods (and the money used to buy them) is based on supply and demand. That supply and demand is reflected in a country's exchange rate, according to OANDA Corp. "When a country's economy falters, consumer spending declines and trading sentiment for its currency turns sour, leading to a decline in that country's currency against other currencies with stronger

economies," notes OANDA. On the flip side, "a booming economy will lift the value of its currency, if there is no government intervention to restrain it."

Why is the U.S. dollar the benchmark?

Post-World War II, 44 countries, including the U.S., Canada and Australia, came together to establish the Bretton Woods system. One of the features of the system tied the exchange rate of each country's currency to gold. The U.S. controlled three-quarters of the world's gold at that time, so it argued the Bretton Woods system should rely on both gold and the U.S. dollar.

Here's how it worked. Countries would settle their international balances in U.S. dollars, which converted to gold at a fixed rate of \$35 per ounce. The U.S. was then responsible for keeping the dollar price of gold fixed, and had to adjust the supply of dollars so people would feel confident that U.S. \$35 would indeed buy one ounce of gold.

The Bretton Woods system ended in the early 1970s, once gold was viewed as overvalued. Still, the U.S. dollar remains the world's reserve currency.

How does a floating currency rate compare to a pegged (also called fixed) currency rate?

Each country determines its exchange-rate regime, either floating or pegged. A pegged exchange rate means the country's currency is fixed at a rate pre-determined by the government. This is used as the country's official exchange rate. So if the value of one unit of a country's currency equals U.S.\$5, the country's central bank is responsible for supplying the market with those dollars. Examples of countries with an exchange rate pegged to the USD include Aruba (U.S.\$1 = AWG1.79), Barbados (U.S.\$1 = BB\$2) and Saudi Arabia (U.S.\$1 = SAR3.75). Meanwhile, a floating currency rate is determined by supply and demand and changes constantly. Say Canada's demand for currency is low. Then, the value of our currency would decrease, and it'd be more expensive to import goods. Examples of countries with a floating currency rate include Canada, the U.S. and Australia.

Why should you pay attention to your country's exchange-rate regime? Say you own a candy shop and export candy. If your country's exchange rate is fixed to the USD, for instance, you

can rest assured that the price of your candy in your currency won't change.

But if your country's exchange rate is floating, the value of the currency could go up or down, and you'd want to adjust the cost of your goods to ensure you're still making money.

Why is the currency exchange rate that a regular person receives different than the wholesale rates published online?

When planning a trip to the U.S., for instance, you've likely looked online to see what the exchange rate is, and then gone to the bank to make the exchange. Once you got there, you likely spent more than you expected. That's because any time you exchange currency, you're charged a fee.

This also happens when you shop at your favourite cross-border store online. You use your credit card to make a purchase, and the credit card company will charge you a fee on top of the exchange rate.

However, when a bank exchanges currency with another bank, it receives the wholesale (also known as interbank) exchange rate, and there are no fees on top.

Also, the bid-ask spread from one foreign exchange dealer to the next can vary, so it's best to shop around for the best rate. What is the bid-ask spread? It's the difference between what a foreign exchange dealer will pay to sell (bid for) a currency, versus what they'll pay to buy it back. You've probably noticed when you exchange a currency back into Canadian dollars, you get less than what you paid to buy it. The difference between the two amounts is the profit the foreign exchange dealer makes due to the bid-ask spread.

The world's oldest currency

Dating back 1,200 years, the British pound is the oldest currency that's still in use. It was originally linked to silver, in that one lb. of silver was worth one British pound. Pennies also used to be silver coins, so 240 pennies weighed in at about one lb. Eventually, Britain switched to the gold standard (see "Why is the U.S. dollar the benchmark?").

While Canadians might think the pound is worth so much more than our dollar, it really isn't. For example, when you look at the equivalent in pay scales, British people would likely get paid less in pounds for a job comparable to one here. So say a secretary makes CA \$50,000. That same job might

pay £35,000 in the U.K. The key is that British people earn and spend in pounds, while we earn and spend in dollars.

New developments with TFSA accounts - DS TFSA trade allotment increase

In response to the growing popularity, size and recent enhancement to quarterly billing, the trade allotment for the DS TFSA will be doubled from the current eight annual trades to 16.

In addition, on November 2016, Canada Revenue Agency (CRA) has issued a bulletin changing their stance on fee payments to TFSAs. As of 2018, TFSA holders can no longer pay the fees from outside of tax shelter, including TFSA and RRSP accounts. In addition, CRA clarified that a debit in a tax shelter may be construed as leverage and may have a penalty applied.

We will assist clients in ensuring their TFSA's are administered carefully to avoid any issues with CRA.

U.S.\$ RRIF payments now available

Eligible RRIF clients now have the option to set-up their payment schedule for automatic RRIF payments in U.S. dollars. As well as request early minimum and extra RRIF payments in U.S. dollars, without the requirement for an FX conversion. Payments and taxes (if applicable) are made directly from the U.S. side of the account in U.S. dollars (providing U.S. cash or securities are already in place)

Please contact us if this is of interest to you.



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