RBC Dominion Securities Inc.

Sandra Sparanese's

FINANCIAL FOCUS

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Views and opinions for the clients and friends of

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HAPPY SPRING TO ALL CLIENTS AND FRIENDS!

The first quarter of the year has been interesting, to say the least. The price of crude oil and the value of our Canadian dollar continued to trend lower. Our Canadian stock market, which is highly exposed to the price of oil and commodities in general, has shown continued volatility. Returns year to date are still positive but the outlook for most global economies appears to be less robust than we saw last year.

Risk can take on many different looks when it comes to investing. With market risk, we are concerned with loss (either realized or unrealized) in the value of our portfolios. It doesn't feel good to see your account value lower today than it was yesterday, and the invention of on-line banking means that we can see those changes every day. But we also need to consider other forms of risk with investment strategies. Inflation and after-tax risk is present when we look at the current low GIC rates – because after tax and inflation you may actually earn a negative rate of return on a guaranteed investment. Liquidity risk could be an issue if you are locked into investments with future maturity dates and you cannot access your money.

All investments (including real estate) include some level of risk and the key issue is to understand what the risk is versus the potential reward. The best way to reduce risk is through diversification. This can be achieved by having different types of investments that don't always move in the same direction, investing in different geographic regions and having some fixed income exposure to reduce market volatility.

Markets have periods of intolerance and they will sometimes move in the wrong direction. At this point, human nature steps in and you feel like you have to "do something". It's my job as Financial Planner and Investment Advisor to educate clients by providing information and advice for them to make decisions that are right for their individual situation. Each client has their own risk tolerance level and I will continue to check in to make sure the "sleep at night" factor is still in place.

Wishing you a healthy and happy spring!

Sandra

RBC Wealth Management
Dominion Securities

Your Snow-Bird Investment Strategy:

Leaving home can be hard to do

Your investment portfolio called and it wants to go to the U.S. for a holiday again this year. Many clients have been Canadian-focused in their investment portfolios for many years. Our bank stocks have done well, our resource stocks continued to increase in value and we have been happy to invest in companies that we know and love in Canada. Canadian investors very much prefer the perceived safety of investing domestically.

Times have changed and investors need to be encouraged to change as well. The risks of home bias become more much visible when commodities weaken, such as the recent oil price shock. When you overweight your exposure to the Canadian market, you really are taking some serious bets on individual sectors: specifically, financials and resources. Let's consider how our Canadian stock market differs from the U.S. stock market when we look at the largest variations in **weightings of different sectors of the market:**

Sector	TSX (Canada)	S&P 500 (U.S.)
Financials	31%	14%
Energy	21%	8%
Materials	11%	3%
Technology	2%	18%
Health Care	3%	16%
Consumer Products	9%	21%

What have been the areas of the market that have shown the most growth over the last 2 years? Technology and health care – two of the largest weightings in the U.S. market. Let's look at how **each market has performed** over the last 2 years:

Calendar Year	TSX (Canada)	S&P 500 (U.S.)
2013	9.6%	38.3%
2014	7.4%	21.4%

Diversifying geographically can do 2 things for investors: (1) provide exposure to investment opportunities that we do not have domestically and therefore potentially increasing your rate of return, and (2) lowering your risk level because you are moving into different sectors of the market that our Canadian market does not participate in to the same extent.

Leaving our beautiful country can be hard to do, but it may lead to better investment performance within the next few years.

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- Identical to the paper statements – same information
- View, print or save your statements as you choose
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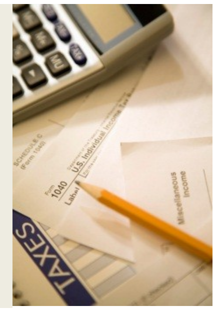
THE ABCS OF ACBS FOR INVESTORS



Knowing the adjusted cost base (ACB) of your non-registered investments and how it's calculated is a part of good tax planning

Canadian tax rules require an adjusted cost base (ACB) calculation of an investment's cost for tax purposes to establish capital gains and losses on property you own, which includes your investments in non-registered accounts. The difference between the ACB and the sale price of an investment is what will determine the capital gain or loss for tax reporting.

PURCHASE PRICE

You may buy the same investment at different times. Each time you buy more of the same investment, an adjustment needs to be made with your ACB to come up with an average cost. The average cost is calculated as the total cost for all purchases of the same investment divided by the number of shares or units you own.

YEAR-END DISTRIBUTIONS AND ALLOCATIONS

If you invest in mutual funds, it is common to receive distributions and a corresponding tax slip at year-end. If you reinvest the distribution, the amount must be added to your ACB. This is because you are already paying tax on the distribution with the year-end tax slip, so you won't have to pay tax on this amount again when you eventually sell the price. An increase in your ACB means that you will have a lower capital gain in the future when you redeem your units.

UNDERSTANDING THE TAX FORMS:

T3	Statement of Trust Income Allocations and Designations if you have investment income from mutual funds in non-registered accounts and from certain trusts
T5	Investment income includes interest, dividends and certain foreign income too

GIC RATES

Did you know… every morning we survey 30 different banks, trust companies and credit unions across Canada to find the best GIC rates for you? It's our complimentary "rate shopping service" so you don't have to spend your time in search of the best offer.

GIC Rates as of March 2, 2015

1 Year	1.50 %
2 Year	1.75 %
3 Year	1.90 %
4 Year	2.00 %
5 Year	2.10 %

Rates are subject to change daily

UNDERSTANDING…RISK MANAGEMENT

Risk is the probability of harm, injury, loss, danger or destruction occurring in the future. These losses can be emotional, physical or financial. For example, the death of a loved one causes emotional distress but it also causes the loss of income previously provided by the deceased. We will now consider ways to help you manage your financial risk.

RISK OF DISABILITY

A disability is a physical or mental impairment caused by an accident or illness that limits your ability to continue working. Basic disability insurance is provided by our federal Government under the Canada Pension Plan, Employment Insurance and Workers' Compensation plans. The probability of suffering a disability of 90 days or more before age 65 is considerably greater than the probability of death before that age. Additional disability coverage can be purchased through employers or private policies, but people generally do not know what their income would be in the event of a long term disability.

CRITICAL ILLNESS

No person is exempt from the possibility that one day they may be diagnosed with a life threatening illness or circumstance. When you're sick, your main focus is on getting better. The last thing you want to be worrying about while you recover is the impact on your finances. Depending on your lifestyle and family needs at the time of your illness, you may face a host of unforeseen financial consequences. Work missed during your recovery period might result in loss of irreplaceable household income. Critical illness insurance provides a lump sum payment to help finance expenses associated with recovery and your ongoing household expenses so you don't need to jeopardize your longer-term financial goals.

LONG TERM CARE

Long term care is required when an individual can no longer care for themselves. This can be as a result of an illness, an accident, cognitive impairment or simply frailty due to old age. Long term care services can be delivered in your own home, or in a nursing home or assisted living facility. The costs can be substantial and last for a lengthy period, causing financial hardship. When long term care is needed, assets are usually depleted at an accelerated pace. Long Term Care insurance can provide a monthly income to help fund the cost of home or facility care. Most importantly, long term care insurance can help you maintain your dignity.

Consider the impact that a disease or disability would have on your long-term cash flow and estate value

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