Sandra Sparanese Financial Focus

Wealth Management
Dominion Securities

Winter 2016

RBC Dominion Securities Inc.

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Dear Clients and Friends,

I would like to extend my warmest greetings and best wishes for a happy holiday season this year. I hope you have the opportunity to gather with friends and family to celebrate.

As I reflect back on 2016, some strange things happened in the world. January and February were difficult months to start the year with significant declines in stock prices, falling oil prices and a lower Canadian dollar. Markets recovered after mid-February and patient investors were rewarded. The pollsters were wrong in 2016. Nobody expected the United Kingdom to vote YES to exit the U.K. in June (Brexit), and even less people thought that Donald Trump would ever become the U.S. President. Polls can obviously be wrong and we had two situations in 2016 where this happened.

As the year comes to a close, the big question continues to be, “What will happen after Trump is in power?” In the recent weeks following the U.S. election, investors were surprisingly happy and markets advanced. It is difficult to predict what will happen in the short term with markets as Donald Trump starts to implement some of his policy changes in the U.S. Our RBC analysts continue to feel that most of the proposed changes will be good for Canada. So, we will wait to see how it plays out because election promises do not automatically translate to reality. We are expecting the U.S. to initiate a rate increase in the near term. It is important to remember that rising rates are actually a good thing – they signal enough growth in an economy to support a rate increase. History has shown that rising interest rates can actually be good for stocks.

Staying invested proved to be the best strategy during times of volatility in 2016. It is important to remember that there will always be short-term “headline” reasons not to invest. It is important that we continue to focus on the variables that are within our control and continue to be long term investors for our future financial success.

Best wishes for a safe and happy holiday season,

Sandra

Happy Holidays!

Watch for New Reports in January, 2017

You might already be aware that starting January 2017 you will receive two new reports from RBC Dominion Securities as part of an industry-wide regulatory change. These reports will provide you with information about the costs and performance associated with your account. The additional transparency in these reports has been embraced by RBC Dominion Securities and is great news for investors in Canada. It is important to note that there are no additional costs to your accounts as a result of these regulatory changes, just greater transparency so that you know exactly what you are paying RBC to receive investment management advice and financial planning services. All financial institutions in Canada have the same new reporting requirements, not just RBC.

Here is an example of what the "Annual Charges and Compensation Report" will look like and a brief explanation of some of the line items:

RBC Dominion Securities Inc.

Annual charges and compensation report

For the period from January 1, 2016 to December 31, 2016

This report summarizes the charges you paid directly to our firm and compensation our firm received from third parties related to this account over the past year.

Please do not use this report for tax reporting purposes.

Version #1 – Fee Based Account

OR

Version #2 – Commission Based Account

Version #1 – Fee Based Account

Paid by you (CAD)

Operating charges	
Investment management	4,675.00
Interest	25.00
Total operating charges	**4,700.00**
Transaction charges	
There are no applicable transaction charges for this reporting period.	
Total transaction charges	
Total paid by you (CAD)	**4,700.00**

Compensation our firm received from third parties (CAD)

Trailing commission	300.00
New issue selling concessions	300.00
Total compensation our firm received from third parties (CAD)	**600.00**

Version #2 – Commission Based Account

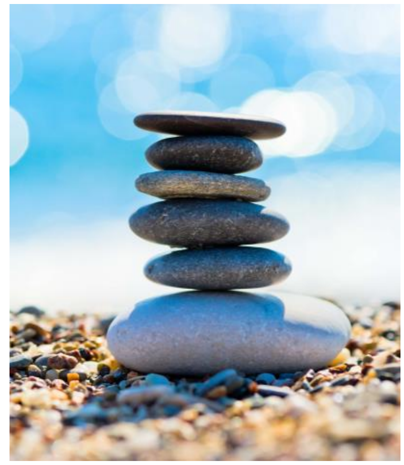
Paid by you (CAD)

Operating charges	
Administration	125.00
Interest	50.00
Total operating charges	**175.00**
Transaction charges	
Trade Commission	
Fixed income	50.00
Equity / options	12.74
Mutual funds	80.00
Other	50.00
Total transaction charges	**192.74**
Total paid by you (CAD)	**367.74**

Compensation our firm received from third parties (CAD)

Trailing commission	1,000.00
Commission - DSC	200.00
GIC remuneration	500.00
New issue selling concessions	300.00
Total compensation our firm received from third parties (CAD)	**2,000.00**

Details about your New Reports



- You can expect to receive these new reports by the end of January, 2017
- New reports will only include the 2016 calendar year information
- All reports will be mailed via Canada Post and the E-statement option is not available for the 2016 reports
- You may receive plenty of mail if you have multiple accounts with RBC Dominion Securities, as the reports are issued per account
- Your rate of return quoted is always after any fees have been charged and deducted

"Compensation Our Firm Received From Third Parties" What does this mean?

Trailing Commission

If you held a mutual fund in your investment account where you don't see a specific charge on your statement, it means that the Management Expenses Ratio (MER) is imbedded within each fund. The MER fee consists of both a fee for the fund management company, and a fee for the firm that your advisor works for. This is known as a Series "A" or "B" fund and is considered an "all-in MER" because the MER includes both the cost of professional money management and the cost of personal advice and service. The fund company pays RBC Dominion Securities part of the MER for providing advice and service to the individual client, known as "trailing commissions".

GIC Remuneration

RBC Dominion Securities searches the market each day for the highest GIC rates with the 30+ different financial institutions that we represent. When we invest your funds in a GIC with one of these companies, they will pay RBC a commission (like a finder's fee) for placing your deposit with them. Your rate is not affected by this fee and you will not see it charged to you on your statement, but it is important to know that RBC Dominion Securities receives a commission from the company with the highest rate that we placed your funds with.

What Your Investment Costs Pay For

- The investment advice and service provided to you
- Financial planning expertise and reporting
- Protection and privacy of your information and assets
- The ability to access your accounts on-line
- RBC investment advisory research
- Statements and tax reporting
- Risk controls and regulatory compliance

RBC is focused on achieving the best results for your wealth management experience and ensuring you are receiving value as we help you realize your financial goals.

2016 Year End Tax Tips

As year-end approaches, it is wise to take some time to review your financial affairs for any tax savings strategies. Here are a few strategies for your consideration, all of which should be reviewed with your qualified tax advisor to ensure they make sense for you.

Tax Loss Selling Opportunities

Year end is a great time to look for opportunities to make changes to your non-registered investment portfolio. It may be the time to move away from an investment that has not been performing well and potentially triggering a capital loss, which can be used to offset capital gains on other assets that you may have sold earlier this year, or may sell in future years. The capital loss that you realize on the sale of an investment (outside of RRSP, RRIF or TFSA) can be carried forward to offset capital gains in future years as well. The deadline to trigger a capital loss (or gain) for 2016 is December 23rd to make sure the trade settles by December 31st. Capital losses can also be carried back 3 years to offset capital gains you have realized and already paid tax on (potentially resulting in a tax refund for you).

Defer Realizing Capital Gains

Deferring a capital gain to next year is also a common tax planning strategy. As we approach the end of 2016, if you currently have unrealized capital gains you may want to consider deferring the realization of capital gains until 2017 for the following reasons: your marginal tax rate may be lower in 2017 compared to 2016, and if you wait until 2017 to sell a security with a capital gain, it defers the tax payable until April of the following year, 2018 (unless you are required to make tax installments).

Superficial Loss

If you did sell a security to trigger a capital loss and are planning to repurchase that same security, beware of the "superficial loss" rules that apply when you sell property for a loss and buy it back within 30 days before or after the sale date. Under the rules, your capital loss would be denied.

TFSA Accounts

The Tax Free Savings Account allows you to earn tax-free investment income including interest, capital gains and dividends. You can make tax-free withdrawals any time, for any reason, and any amount you withdraw is added back to your available contribution room on January 1st of the following year. If you are thinking of making a withdrawal from your TFSA in the near-term, consider doing so before December 31st. This will allow you to recontribute the amount withdrawn as early as January 1st of 2017, rather than having to wait until 2018. New TFSA contributions for 2017 can be made on the first business day in January.

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