Manulife Securities

Fall 2016

QUIRION FINANCIAL SERVICES

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INSIDE THIS ISSUE:

www.qfs.ca

Access the video on the website along with other financial planning information.

Additionally we have posted travel dates for Greenstone, Terrace Bay, Schreiber along with all of the team's contact information.

Appointments are also available over the phone.

Client Survey

One of our highest priorities is insuring we are delivering an outstanding level of service to our clients. Late this summer we sent out a client survey that provided us with meaningful feedback on how we are doing and where we can improve.

Thank you to all who took the time to complete the survey. If you have any questions, please give us a call.

Regulatory Changes coming in 2017

In previous newsletters and communications we have discussed upcoming regulatory changes (CRM2). These are coming into effect on the statements you will receive in January. The new information provided on your accounts continues the evolution of our practice and further enhances our relationship based on the following initiatives:

- Transparency
- Clarity
- Better informed investors

The first update will be the *"Annual Charges and Commissions for this Account"* box. In the past we have discussed your investment fees as a percentage of assets. The new report takes this a step further and translates it to dollar amounts.

We have updated our website with a video titled ***Understanding Investment Costs – a Primer for Investors.*** It is posted right on our main page and is a great video that explains investment fees and how it relates to your investments.

The second update to the reports is a box for Annual Account Performance. This box will now have a money weighted rate of return for 1,3,5 and 10 years.

Market Commentary

Should you have any questions about your investment portfolio we are here to help.

Please do not hesitate to contact us.

The third quarter of 2016 started on a note of uncertainty following the surprise Brexit vote result in late June. Equity markets had been volatile and bond prices rose and yields declined after the British vote to leave the European Union. Markets soon steadied, however, and volatility moderated through the quarter. By the end of September, most asset classes, supported by slow, steady global growth and expansive monetary policy, had gone on to register gains for the three-month period.

Global equity markets bounced back early in the third quarter and finished mainly higher. The S&P 500 Index in the U.S. added 3.9%, while the MSCI World Index was up 5.0% in U.S. dollar terms. With the U.S. dollar strengthening during the period, these returns grew to 5.4% and 6.6%, respectively, in Canadian dollar terms. Overseas, markets in Germany, the U.K. and France trended higher, as did indexes in China, Japan and Hong Kong.

The benchmark Canadian S&P/TSX Composite Index gained a healthy 5.5% (including dividends) in the third quarter. Energy-related companies benefited from a rally in oil prices and the market was also buoyed by strength in the financial sector. With a year-to-date return of 15.8%, Canada's market, after lagging the U.S. market for the past five years, is among the best performers globally.

Although it is still expected to raise interest rates before the end of the year, the U.S. Federal Reserve left rates unchanged at 0.50% during the quarter, opting to wait for evidence of continued progress in the areas of employment and inflation. The Bank of Canada also kept its overnight lending rate unchanged at 0.50%, where it has been since mid-2015. Central banks in Europe and Japan, meanwhile, continued programs designed to boost economic activity. The European Central Bank's strategy of buying corporate and government bonds, for example, has resulted in bond yields in some countries, such as Germany and France, falling below zero. The FTSE TMX Canada Universe Bond Index, a measure of corporate and government bonds, returned 1.2% for the quarter, and was up 5.3% for the year-to-date.

Looking ahead, there are a number of reasons to remain cautiously optimistic about the global economy and markets. A recent report by the International Monetary Fund in Washington, for example, forecasts a continuation of subdued global growth, and that central banks will keep monetary policy accommodative in order to stimulate business activity. However, volatility may reappear as markets contend with the results of the U.S. election, the continued fallout from the Brexit process and a potential Fed rate increase.

In the meantime, we remain focused on helping you create an investment portfolio that is best suited to your long-term goals and outlook, based on your unique circumstances and risk tolerance. Should you have any questions about your investments, please do not hesitate to contact the office.

US ELECTION

"The only limit to our realization of tomorrow will be our doubts of today." – Franklin D. Roosevelt

Canadians are fascinated by US presidential elections. However, investor doubts may seem especially prevalent during presidential election years when campaigns spotlight the country's challenges. Yet even with election year rhetoric amplifying the negative, it's important to focus on the future.

Consider the following:

- Investment success has depended more on the strength and resilience of the American economy than on which candidate or party holds office.
- The current US economic and political challenges may seem unprecedented, but a look back shows that controversy and uncertainty have surrounded every race.

Canada Revenue Agency Pre-Authorized Debit (PAD)

The Canada Revenue Agency (CRA) launched their Pre-Authorized Debit (PAD) web service pilot project on July 25, 2016. We are pleased to offer it now to our income tax clients.

The PAD service offers us an electronic method to submit a payment to the CRA on behalf of a taxpayer for paying an amount owing on their current-year T1 tax return. **You can use it instead of taking the printed payment form to your bank to make a payment**.

This service is not to be used to pay any other amount due to CRA, such as a balance due on prior-year returns.

Year End Tax Tips

Tax Planning is a year-round affair. But as year-end approached, now is a particularly good time to review your personal finances and take advantage of tax planning opportunities that may be available to you before the December 31 deadline.

1. ***Tax-Free rebalancing of corporate class mutual funds***. This year's federal budget announced a change, which will be effective January 1 2017, such that a switch within the mutual fund corporation from one class of shares to another will result in a disposition for tax purposes at fair market value.
2. ***Tax-Loss Selling***. This involves selling investments with accrued losses at year end to offset capital gains realized elsewhere in your portfolio. Any net capital losses that cannot be used currently may either be carried back three years or carried forward indefinitely to offset net capital gains in other years.
3. ***Make TFSA Contributions***. The TFSA dollar limit for 2016 is $5,500
4. ***Convert your RRSP to a RRIF by age 71.*** If you turned age 71 in 2016, you have until December 31 to make any final contributions to your RRSP before converting it into a RRIF
5. ***Children's Fitness and Arts Credits***. This is the final year that you can claim tow popular federal credits for your children's activities. The arts credit is based on up to $250 of qualifying expenses and the fitness tax credit is based on up to $500 of qualifying expenses. Consider prepaying these expenses for 2017.
6. ***Make RESP contributions.*** RESPs allow for tax-efficient savings for education. The Canada Education Savings Grant (CESG) equal to 20% of the first $2,500 of annual contributions per child. Each beneficiary who has unused CESG carry-forward room can receive $1,000 of CESGs annually.
7. ***Pay Family Medical Expenses***. Prepay certain items and claim the tax benefit. While expenses must be paid by December 31, the related good or service does not always need to be acquired the same year.
8. ***Make Charitable Donations***. December 31 is the last day to make a donation and get a tax receipt for 2016.

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MER recap:

A Management Expense Ratio (MER) represents the costs associated with owning a mutual fund. This indicates how much a fund pays in management fees and operating expenses (including taxes) on an annual basis. MERs are expressed as a percentage of daily average net assets during the year.

The MER covers:	Sales Tax	Operating Expenses
	Portfolio Management	Financial Planning and Advice