

## **BNN BLOOMBERG MARKET CALL**

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**eResearch Corporation** is pleased to provide two excerpts from Friday's BNN Bloomberg Market Call Newsletter.

Set out below are the respective Market Outlook commentaries from two leading investment analysts, plus Links to their respective 45-minute video interviews.

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### **MARKET OUTLOOK**

**Ryan Modesto, Chief Executive Officer at 5I Research**

**Focus: Canadian Small and Mid-Cap Stocks**

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All eyes are on the yield curve right now, with the 3-month and 10-year yields inverting in the U.S.A. In the past, recessions have followed yield curve inversions, but there are a few things to keep in mind:

1. It can take up to two years for a recession to actually happen.
2. Markets have rallied on average 13 per cent after the inversion.
3. The data points we have to work with are limited in terms of recessions and inversions, so while it has been a good indicator, there are only a handful of data points to back this up.
4. With everyone watching the yield curve so intently, we wonder if its predictive ability is weakened.
5. Not every recession is a 2008 scenario. They can be mild and one does not mean a portfolio needs to be turned upside-down.

However, it is still something to keep an eye on, but the solution to concerns over yield curves and any other macro issues is simply ensuring an investor has a diversified portfolio that meets the individual's needs. If you understand your time-frames and goals, any downturn should just be a part of the plan as they are inevitable over time. If the idea of a 10% pull-back scares an investor, this may mean there is too much risk in their portfolio to begin with and changes need to be made.

**VIDEO:** Ryan Modesto's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

WEBSITE: [5iresearch.ca](http://5iresearch.ca)

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## TALKING TAX

**Tony Salgado, President and Founder of AMS Wealth**

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### SET IT AND DON'T FORGET IT

With an ever-changing tax landscape, a taxpayer needs to be attuned to the appropriate strategies to meet their specific needs. Changes to legislation as well as to your own personal circumstances will need different strategies. Communicating with your advisory team is critical: Have a continuous dialogue with your advisors and be sure to have everyone working with the same information.

These are some critical personal circumstances which can lead to a change in strategic direction:

1. Marriage and divorce.
2. Birth, adoption or death.
3. Immigration.
4. Purchasing property outside Canada.

Your estate plan should evolve and change along with these personal stories.

### RETURN VS. AFTER-TAX RETURN

Be sure to understand what you are able to keep in your pocket, what is the after-tax cash you will be able to keep for yourself and your family. Look at using registered investments and non-registered investments while considering how your portfolio can be most efficiently structured.

Ask yourself:

1. Do you want fixed income in a non-registered account or registered?
2. Within a personal non-registered account, would you rather have \$1 of dividend income or a \$1 of interest income?
3. Do you understand your marginal tax rate today versus in the future?

### WATCH YOUR DIVIDEND INCOME SPLITTING

The new tax on split income (TOSI) rules come into effect in 2018. Many people (in particular business owners) may have done planning in the past which would have been great advice but that might no longer meet their

distribution intentions. Review any corporate restructuring you may have done in the past as it may no longer hold relevant for your particular circumstance.

Specifically, ask yourself these questions:

- Are family members shareholders of a family business? Should they be?
- Should family members receive payment (whether salary or dividends) for their contributions?
- Are your adult children between the ages of 18 and 24 receiving dividends from your corporation? Pay careful attention to this group as punitive measures are in place to capture this specific demographic.

### **BUDGET 2019: THE HOME BUYERS' PLAN ALLOWANCE**

The new federal budget increased the amount you can borrow from your RRSP to fund the purchase of a home from \$25,000 to \$35,000. The boost applies for withdrawals made after March 19, 2019. Still, be mindful of the repayment required during the next 15 years as no deduction is available.

### **ESTATE PLANNING**

There is no better time to start estate planning than during tax season: you are already in the weeds and looking through your portfolios, your liabilities, and your assets, so why not begin preparing what you want your estate planning to include?

Be sure to begin planning what and how you want your estate distributed. Update your wills and power of attorneys (a general rule of thumb is to update every three to five years or anytime there is a significant life event). Ask yourself what can you expect to have as your terminal tax liability: has it been mapped out for you? How can you plan to efficiently fund this liability?

**VIDEO:** Tony Salgado's 45-Minute Video Interview <CTRL-CLICK> [HERE](#)

**WEBSITE:** [amswealth.ca](http://amswealth.ca)

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