STARVIEW FINANCIAL ADVISORS

Newsletter - Winter 2018

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Thank you for your support in 2017 and all the best for 2018! We look forward to meeting with you soon.

We're always here to assist with your financial and retirement planning needs.

Key Dates for 2018

- ⇒ Jan 1, 2018: An additional $5,500 of TFSA contribution room is available.
- ⇒ Mar 1, 2018: The deadline to contribute to your RRSP for a deduction in the 2017 tax year.
- ⇒ Apr 30, 2018: The Canada Revenue Agency (CRA) 2017 personal income tax filing deadline.
- ⇒ Dec 31, 2018: If you turn 71 years of age in 2018, this is the deadline to convert your RRSP to a Retirement Income Fund (RIF) or an annuity.

TAX-FREE SAVINGS (AND INVESTMENT) ACCOUNT

Think a Tax Free Savings Account (TFSA) is just a savings account? Actually, you could think of it as a Tax Free Savings and INVESTMENT Account. A TFSA can be a useful and beneficial part of your overall investment plan. It can be used to develop an emergency fund, save for a specific goal—such as a new home, or to compliment your long term or retirement savings plans.

A TFSA is more than a bank account and may hold a wide variety of investments including mutual funds, bonds or stocks. A key feature of a TFSA is that the investment growth and future withdrawals are not taxable.

2017 Market Review

As we enter 2018, we would like to take the opportunity to provide you with an overview of financial market results from 2017, and to offer insights into some of the investment themes that may influence your investment portfolio over the coming year.

After a particularly strong showing in 2016, Canada's S&P/TSX Composite Index lagged for much of 2017, weighed down by low energy prices and underrepresentation in areas that outperformed, such as technology and health care. However, the Canadian equity benchmark staged a rebound in the final quarter of the year, buoyed by solid results in the financial services sector and a recovery in prices for oil and other commodities. The index finished with a gain of nearly 3.67% for the quarter and 6.0% for the year.

In the fourth quarter, central banks around the world continued to weigh options for scaling back monetary policies designed to stimulate the economy. The U.S. Federal Reserve Board announced a quarter-point increase in its benchmark interest rate in mid-December to a range of 1.25 to 1.5%, citing a strong labour market and healthy economic activity. After making two increases earlier in 2017, the Bank of Canada, however, opted to keep its overnight lending rate unchanged at 1.0% (the rate now sits at 1.25%, it was raised 25 points on Jan 17/18), while central banks in Europe and Japan also kept monetary policy accommodative.

In this environment, government bond yields in many regions rose modestly in the fourth quarter, reflecting the expectation of higher global interest rates. The yield for 10-year U.S. Treasury bonds was up for the quarter, and finished the year little changed at about 2.4%. Canadian 10-year government bond yields declined through the quarter, but finished the year higher at about 2.0%. The FTSE TMX Universe Bond Index, which measures Canadian government and corporate bond results, returned 2.0% for the three-month period and was up 2.5% for 2017.

Most global equity markets registered healthy results in the fourth quarter of 2017, capping off a strong showing for the year as they responded to encouraging economic data, low interest rates, tepid inflation and expanding corporate activity. The MSCI World Index, which measures equity results in 23 developed markets around the world, added 20.1% for the year

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in US dollar terms. The S&P 500 Index, a broad measure of U.S. stocks, finished with a solid increase of 19.4% for the year. Overseas equities also performed well, and were generally up in 2017.

When looking at the results for markets outside of Canada, however, the value of the Canadian dollar was an important consideration in 2017. The loonie rose sharply in value relative to the U.S. dollar during the summer months and finished the year 7.0% stronger, having the effect of reducing gains for Canadian investors in assets priced in U.S. currency. The MSCI World Index, for example, returned 12.3% for the year when expressed in Canadian dollars and the S&P 500's gain was 11.7%.

Many of the conditions that have supported market advances over the past year remain in place, including accommodative business conditions here and around the world, positive economic growth and relatively low inflation. However, investing is never without risk. We believe that a diversified portfolio tailored to your individual investment objectives will allow you to participate in the potential for further gains while helping to protect your investments in the event of market disruptions.

If you have any questions about your portfolio, or would like to discuss any changes, our team is more than happy to help.

The information in this letter is derived from various sources, including CI Investments, Signature Global Asset Management, Cambridge Global Asset Management, Globe and Mail, National Post, Bloomberg, Yahoo Canada Finance, and Trading Economics. Index information was provided by TD Newcrest and PC Bond, and all quoted equity index returns are on a price return basis. This material is provided for general information and is subject to change without notice. Although every effort has been made to compile this material from reliable sources; no warranty can be made as to its accuracy or completeness, and we assume no responsibility for any reliance upon it. Before acting on any of the above, please contact us for individual financial advice based on your personal circumstances.

Don't hit snooze on your retirement plan for another year….

There are a number of trends taking place that continue to make our personal retirement plans and RRSP's an important priority.

- Life spans are increasing for both men and women - we need to plan for more years in retirement.
- Long term health care costs continue to increase.
- Consumer and personal debt is increasing – putting increased financial pressure on many families later in life.
- Job downsizing is more prevalent and unpredictable.
- Many employer pension plans and post-retirement health benefits have changed – putting more responsibility on the individual

An RRSP provides a tax deferral and planning opportunity, and can help to ensure that you have sufficient retirement income. The amount of money available to fund your retirement is often dependent on:

1. The investments selected,
2. How early you start your contributions and the number of years you contribute,
3. The effects of tax-free compounding on the returns generated.

We can assist you in making the best decision possible.

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