

2014 First Quarter Update

The first three months of 2014 showed overall positive results in portfolios. Returns were helped significantly by the 8% decline of the Canadian dollar against the U.S dollar, since the foreign portion of a portfolio reacts very positively when our dollar drops.

The Canadian TSX was one of the better performers in the world markets and this was helped by the increase in the price of oil. The gains in other world markets were muted – almost flat. The exception to this trend was Japan, which was down 12.3% for the quarter. However, it is noteworthy that in 2013 the NIKKEI (Japanese market) was up 56%.

Many of the world markets are at or near all-time highs. This fact has led to a few calls from people asking if this might be a good time to move their investments to cash. I strongly advise people against this action. Leave the money managers to do their job, that being to manage risk through the ups and the downs of the market. Managers do this by selling fully valued stocks, buying more defensive stocks, raising cash portions of portfolios and adjusting portfolio mixes.

History tells us that trying to outguess the markets will ultimately end in failure. Investing is not gambling – it is not a game of chance. Investing will not make you some “fast cash”. Investing is a long term strategy for financial gain and you need to approach it that way in order to maximize the benefit to you in the long run. To sign off on a positive note: our balanced portfolios were up 3-3.5% in the quarter of 2014.

	Market	Dec 31 2013	March 31 2014	YTD
Canada	TSX	13621	14335	5.20%
U.S.	DOW	16577	16458	0.00%
U.S.	S&P 500	1848	1872	1.30%
U.K.	FTSE	6749	6598	-2.30%
France	CAC	4296	4392	2.30%
Germany	DAX	9552	9556	0.00%
Japan	NIKKEI	16291	14288	-12.30%
Canadian \$		\$98.42	\$90.47	-8.80%
Oil (US\$)		94.00	101.55	8.00%

** Source: CNN Money

“When I was young, I thought that money was the most important thing in life, now that I am old I know that it is.” ~Oscar Wilde

Did you know...

On average the flu virus can survive outside the body for up to 48 hours, but on paper money the flu virus has been found to still be viable after 17 days!

(Applied and Environmental Microbiology)

Ninety percent of bills circulating in the USA are tainted with cocaine!

(National Geographic)

The earliest known paper money dates back to China, where the issue of paper money started in the 9th century!

(Wikipedia online)

Paper money was actually made from cotton! Now our Canadian bills are made from polymers in the form of plastic. (Investopedia and Wikipedia online)

Maude Financial Inc.

5116 – 50 Avenue

Wetaskiwin, AB T9A 0S6

Tel: (780) 352-8111

Fax: (780) 361-0334

Toll free: 1-877-352-8111

maudefin@incentre.net

 **Manulife Securities**

INVESTMENT SERVICES INC.

Tax-Free Savings Account

In 2009, the Tax-Free Savings Account (“TFSA”) became available to Canadians. A TFSA is a flexible general purpose, savings vehicle that allows you to make contributions each year and to withdraw funds at any time in the future. It is a powerful tool to save money as it allows investment growth to accumulate and be withdrawn tax free.

In our experience one of the most common problems facing retirees is not having saved money for lump sum expenditures such as renovations, a replacement vehicle, a special vacation or even helping out your kids. To pay for such large ticket items from an RRSP or RIF is extremely inefficient. A TFSA on the other hand, when used to its full advantage, can help you save for these types of expenditures in a tax efficient way.

Here are some key facts about TFSAs:

- You can open a TFSA if you are 18 years of age and a Canadian resident.
- The TFSA lets you invest without paying tax on interest or any investment earnings.
- The annual contribution will be indexed to the inflation rate, rounded to the nearest \$500. The contribution limit is \$5,500 for 2014.
- The government will determine the amount remaining for you to contribute to your TFSA the following year. Any unused contribution room gets carried over to the next year.
- If you make a withdrawal, the amount withdrawn will be added to the contribution room available for the following year.
- You can have more than one TFSA, including TFSAs with different financial institutions. The important thing is to remember how much you have contributed in total to make sure you do not exceed your contribution room.
- Unlike an RRSP, you do not pay tax on any money you withdraw from the TFSA. Withdrawals will not affect your ability to qualify for Federal Benefits such as the Child Tax Benefit or Old Age Security.
- Money invested in a TFSA cannot be deducted from your income on your tax return; only contributions to a RRSP qualify as a deduction.

There are many different types of qualified investments available for TFSAs, such as high interest savings accounts, GICs and pooled funds. For short term savings such as an emergency fund, we suggest using a high interest savings account TFSA. This will allow you to access the money easily without worrying about market fluctuations. For long term savings, we recommend our pooled fund option which features excellent managers and low management fees. TFSAs offer huge benefits - the sooner you take advantage of them, the better.

Are you interested in receiving our Quarterly Newsletter by e-mail? Send your request to maudefin@incentre.net. Please ensure that your full name is clearly marked on the e-mail.

“There is no passion found playing small - in settling for a life that is less than the one you are capable of living. ~Nelson Mandela

Manulife Securities Investment Services Inc. is a member of MFDA IPC.

This publication is solely the work of John Maude, Certified Financial Planner, for the private information of his clients. Although the author is a Manulife Securities Advisor, he is not a financial analyst at Manulife Securities Investment Services Inc. (Manulife Securities). This is not an official publication of Manulife Securities. The views, opinions and recommendations are those of the author alone and they may not necessarily be those of Manulife Securities. This publication is not an offer to sell or a solicitation of an offer to buy any securities. This publication is not meant to provide legal, accounting or account advice. As each situation is different, you should seek advice based on your specific circumstances. Please call to arrange an appointment. The information contained herein was obtained from sources believed to be reliable; however, no representation or warranty, express or implied, is made by the writer, Manulife Securities or any other person as to its accuracy, completeness or correctness. Insurance products and services are offered through Maude Financial Inc.

Manulife Securities and the block design are registered service marks and trademarks of The Manufacturers Life Insurance Company and are used by it and its affiliates including Manulife Securities Investment Services Inc.