

July 2015

Second Quarter 2015

The big stories for the second quarter still include oil and the Canadian Dollar, but we have now added Greece to the mix.

As I write this update (July 6), oil is down to \$53.69, our dollar is down to \$0.79 US, and a 61% majority of Greeks voted not to accept the European Union bailout proposal. We are in uncharted territory. Will Greece leave the euro zone? Will a deal be struck? What will the ramifications be of either outcome?

The markets have been pricing turmoil in the Greek situation for some time now, which meant that when the vote results were announced, the market reaction was muted.

So far this year, North American markets are flat to slightly down while European markets are still up nicely. In Alberta, the new government announced some tax increases for high income earners and corporations. If oil prices stay down, it will negatively affect Alberta government revenues. It will be interesting to see where the 7 billion dollar budget shortfall will come from.

Canada GDP numbers show we could slip into recession by a small margin. GDP numbers were slightly negative in the first quarter and if the second quarter is also negative, according to the technical definition of the word, we would be in recession.

By contrast, the US is ticking along very well. Unemployment rates are down to 5.1% and corporate profits are rising. Their dollar is quite strong which has helped give better returns in our portfolios. Our Balanced Portfolios were up about 3.5 to 4% in the first half of the year.

| | Market | Dec 31 2014 | Mar 31 2015 | June 30 2015 | YTD |
|-------------|---------|-------------|-------------|--------------|--------|
| Canada | TSX | 14632 | 14902 | 14553 | -0.50% |
| U.S. | DOW | 17823 | 17776 | 17620 | -1.30% |
| U.S. | S&P 500 | 2051 | 2068 | 2063 | 0.00% |
| U.K. | FTSE | 6566 | 6773 | 6521 | -0.70% |
| France | CAC | 4273 | 5034 | 4790 | 12.00% |
| Germany | DAX | 9808 | 11966 | 10945 | 11.60% |
| Japan | NIKKEI | 17451 | 19207 | 20235 | 16.00% |
| Canadian \$ | | \$86.20 | \$79.00 | \$80.08 | -7.10% |
| Oil (US\$) | | 53.8 | 47.63 | 59.47 | 10.50% |

Did You Know?

In April of this year the government proposed an increase in the yearly maximum contribution for Tax Free Savings Accounts (TFSA) from \$5,500 to \$10,000. We are now accepting the increased limit. If you would like to make your increased contribution, please contact us.

- 56% of pre-retirees intend to retire before the age of 65
- 51% of pre-retirees say they will likely work full or part time for an employer even after they transition into retirement.
- 78% of pre-retirees feel positive about how their lives will be in retirement.
- 85% of retirees are actually experiencing these positive feelings in retirement.

- Fidelity Investments

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Inflation hurts retirees more than any other group. In retirement, you have to plan for inflation, because it can do a lot of damage over the long term.

- Fidelity Investments

What is the purpose of Money in your life?

In the spirit of wedding season, I thought I would share an excerpt from a book I am reading. It is called “Smart Couples Finish Rich” by David Bach. I think this book should be a mandatory wedding gift for all couples! Newlyweds, before you go spending your wedding gift money on “stuff” you think is important, consider the article below. Enjoy and happy wedding season! ~Bridget

What’s Really Important to You?

As a financial advisor, I’ve learned that when all is said and done money is good for three basic things. It helps people...

- 1) Be
- 2) Do
- 3) Have

Let me explain what I mean by this. When I say that money helps people be, I mean that it allows them to live in a particular way that defines who they are. When I say that money helps people do, I mean that it makes it possible for them to take actions that will help create the kind of lives they think they want. And when I say that money helps people have, I mean that it enables them to buy stuff.

Now, in an ideal world, the lives we lead, the things we do, and the stuff we buy would always be in line with our values. The challenge as I see it is that most people focus first on the “having,” second on the “doing,” and third on the “being” part. They spend so much time on the “having” and the “doing” that they never look up to see whether who they are is who they want to be.

In order to create a sensible Purpose-Focused Financial Plan, you must understand what money means to you, what values it can help you achieve. Once you know this, you can quickly focus your time and energy on what matters most to you – not what society, friends, or advertisers say matters, but what you say matters. To put it another way, the process is basically a matter of looking really deeply at what is most important to you, and then planning your finances around that. If it sounds like we’re talking about more of a life-planning process than just a money-management process – well, quite frankly, that’s what smart financial planning is really about.

–*Smart Couples Finish Rich* by David Bach at pages 38-39.

“The sooner you and your partner start putting your values first – and stuff second – the sooner the two of you will start living a life that excites and empowers you both.” ~David Bach

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



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