



**THE BKE FINANCIAL TEAM**

**TYSON BOYCHUK, CIM**  
First Vice President  
Portfolio Manager

**DENNIS EWASIUK, MBA, CIM**  
First Vice President  
Portfolio Manager

**DEAN KNOBLAUCH, CFA**  
First Vice President  
Portfolio Manager

Through the *Quarterly Exchange*, we'll keep you up-to-date on current investment trends and strategies. We are committed to working one to one with you to help you achieve your financial goals. Please contact us if you have any questions or wish to discuss any of the articles in this newsletter.

The BKE Financial Team  
1285 West Pender Street  
Suite 400  
Vancouver, BC  
V6E 4B1

Tel: (604) 641-4390  
Toll-Free: (800) 661-9442  
Whitehorse: (867) 667-7402  
Edmonton: (780) 491-0113  
Fax: (604) 641-4392  
E-Mail: BKETeam@cibc.ca



www.cibcwoodgundy.com

## Hedging Your Loonie Risks

By Avery Shenfeld, Chief Economist, CIBC World Markets

Individual investors tend to be subject to "home country bias." They will be more heavily weighted in their home country stocks, bonds, and other assets than the textbooks would judge as optimal.

As CIBC Economics projected last year, there are good reasons to overweight Canadian stocks in 2014. Firming resource markets, and less-lofty valuations opened the door for the Toronto market to outperform. We also looked for the Canadian dollar to stabilize and regain a bit of lost ground.

But Canadian investors typically have plenty of eggs in the local market basket, and therefore in Canadian dollars. While most of your future spending will be in Canada, imported goods and sun destination escapes are effectively priced in other currencies. Having some assets denominated in U.S. dollars is a way of hedging against another down-leg for the loonie that would make that portion of your retirement spending more costly in Canadian dollar terms.

Canadian investors typically have plenty of eggs in the local market basket, and therefore in Canadian dollars.

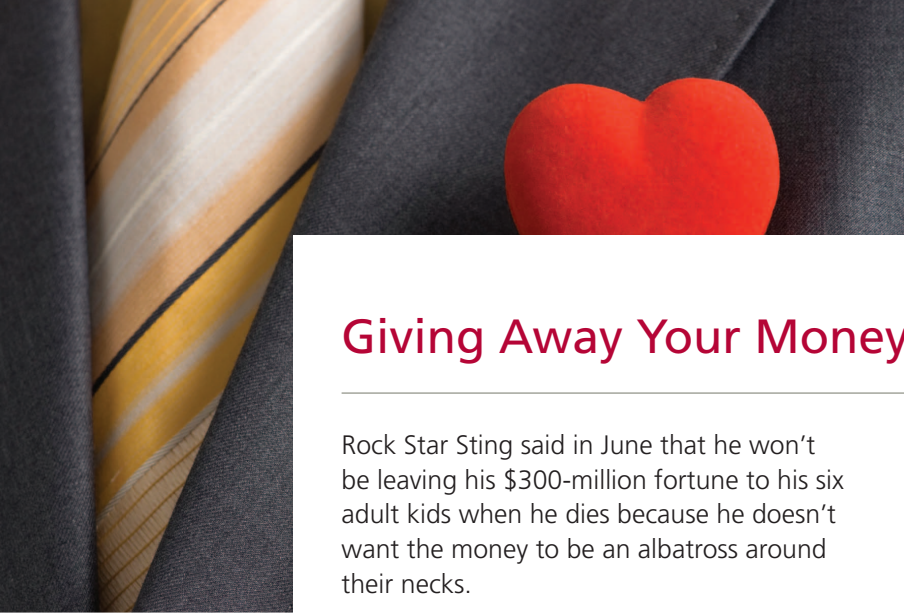
Of late, the Bank of Canada is, to a greater extent than the U.S. Federal Reserve, emphasizing that it's in no hurry to raise interest rates, even

opening the door to a rate cut if growth and inflation ease. The intent seems to be to lean against any further appreciation in the Canadian dollar that would put a transition to export-led growth in jeopardy.

If the Fed ends up hiking sooner and more

aggressively than the Bank of Canada, the likely outcome will be a softer Canadian dollar. An 85-cent loonie might prove needed a couple of years down the road to bring exports to full flower and support full employment as home building in Canada eases. If you're now too overweight in Canada, take advantage of this year's rebound in the Canadian dollar to either acquire assets in U.S. dollars or, for those with larger portfolios, consider options strategies that will protect against significant declines in our currency.





## Giving Away Your Money

Rock Star Sting said in June that he won't be leaving his \$300-million fortune to his six adult kids when he dies because he doesn't want the money to be an albatross around their necks.

The former lead singer of The Police joins the ranks of Bill Gates, Warren Buffett, SpaceX Founder Sarah Blakely, and Facebook Founder Mark Zuckerberg as part of a growing list of the super-rich who have pledged to give much of their wealth to charity.

For most, it's not just about leaving the kids to make it on their own, it's also about giving back to society. In 1997, Gates and his wife Melinda set up the Bill & Melinda Gates Foundation to help the poor

in developing countries and invest in science, technology and education among other things. They also started The Giving Pledge, which invites other wealthy individuals to donate half of their money to charity.

According to a 2012 study on philanthropy by Bank of America and the Center on Philanthropy at Indiana University, 40% of high net worth donors gave spontaneously in 2011, down from 47% in 2009. The study also found that high net worth donors are becoming more strategic about giving to certain causes or geographical areas and reported a rise in the use of giving vehicles, which include donor-advised funds, foundations and charitable trusts.



You don't need to be a billionaire to include charitable giving in your financial plan.

You can give away your money while you're alive or after you die. Creating a roadmap to meet your philanthropic goals can ensure that your charities of choice receive the maximum benefit from your donation, while helping you maximize the tax advantages of charitable giving.

While setting up a regular monthly investment plan can help a charity with their long-term strategies, there are other options. If you would like to leave a legacy and also be involved with the distribution of your charitable dollars while you are alive, you may want to consider a donor-advised fund as an alternative to leaving assets to charity in your will.

Your philanthropic plan must take into account your financial needs as well. Professional tax and legal advice is recommended before you take any actions to achieve your philanthropic goals.



# Improving the Investor Experience

You may have heard that the investment industry is implementing a number of new practices to improve the investor experience. This is in connection with an industry-wide initiative created by the Canadian Securities Administrators (CSA) to provide investors with further transparency of fees, enhanced statements and performance reporting.

This initiative, referred to as the Client Relationship Model (CRM), was initially launched in March 2013. CRM2 is the continuation of the initiative and will be phased in over the next three years. The first phase came into effect in July. Below is a summary of the changes you can look forward to:



## Overview of Coming Changes

### July 2014

New pre-trade disclosure of fees and commissions for non-managed accounts, additional disclosure on trade confirmations and expanded relationship disclosures.

### July 2015

It's expected that monthly account statements will be enhanced to include additional information on fees and performance.

### July 2016

It's expected that annual reporting will summarize all fees and charges paid by the client, all compensation received by the firm related to that client, along with investment performance.

## Understanding the Immediate Changes

As of July 15, 2014 the following enhancements and changes were implemented:

- **Pre-Trade Disclosure** of fees and commissions were introduced to provide investors with a reasonable estimate of all charges when buying and selling a security (including deferred sales charges and trailing commissions). This will provide you with further transparency of existing fees and will be communicated to you in advance of executing any trade instructions.
- **Trade Confirmations** have been enhanced to include charges paid for any debt security transaction, including dealer compensation.
- **Expanded Relationship Disclosures** will now include general explanation of performance benchmarks along with any options for performance benchmarking CIBC offers.



It is important to understand that no new fees are being introduced, but rather they are being reported in a different way to provide further transparency. For more information on these changes, or if you have questions related to your investments, your advisor is available to answer any questions and share in a conversation.



## Big Box Wills

Your will may not be top of mind as you stroll down Walmart's infinite aisles hunting down the best bargains on jumbo paper towels, but some Toronto-area locations of the world's biggest retailer are now offering this legal document for just \$99 a pop.

However, keep in mind that while there are many similar do-it-yourself will kits and software packages available in Canada today, this is one area where professional advice can be important.



## The Importance of Working with a Professional

A well-thought-out estate plan can help you build wealth, and protect your assets from excessive taxation and frivolous claims that could erode the cherished gifts you wish to leave behind.

Think of your estate plan as a tool for you to take control of your affairs now and to lay out the roadmap after you have passed away. It's important to remember that estate plans vary a great deal from one person to another, but should always be based on three fundamentals:

- 1) Address all aspects of your life at the time of the planning process.
- 2) Achieve your goals for the remainder of your life.
- 3) Meet your wishes for the distribution of your estate to your intended heirs.

**By working with an Estate Planning Specialist to create a well-thought-out plan, you lay the groundwork for your wishes to be implemented properly.**

### A Will is Only the First Step

A will is just one piece of a larger plan. Low-cost will kits place too much emphasis on wills being the only part of an estate plan. These services often fail to consider the complexities of incorporating RRSPs, RRIFs, TFSAs, pension plans and insurance policies, and how these assets are treated, transferred and taxed differently at death.

CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors. This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same. CIBC World Markets Inc. and its representatives will receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2014.