

STATISTICS on 2016-10-31

CANADA

Unemployment (Sept.)	7.00%	
C.P.I. (September)	1.30%	↑
3 months treasury bills CDA	0.48%	↓
Bonds CDA 5 years	0.72%	↑
Bonds CDA 10 years	1.28%	↑
S&P/TSX	14787	↑

UNITED STATES

Unemployment (Sept.)	5.00%	↑
C.P.I. (September)	1.50%	↑
3 months treasury bills US	0.30%	↑
Bonds US 5 years	1.31%	↑
Bonds US 10 years	1.83%	↑
Dow Jones - Industrial	18 142	↓
S&P 500	2 126	↓

CURRENCY

\$ US / \$ CAN	0.7458	↑
\$ US / € Euro	1.0981	↑
¥ Yen / \$ USA.	104.82	↓

The arrow indicates the trend since the publication of the last monthly data or end of the month.

World stock market indices did not perform as well as they did last month. The Canadian equity index (S&P/TSX) delivered a somewhat positive performance of 0.61%, while the U.S. global market (S&P 500) posted a 0.33% return, mainly due last month's weak Canadian dollar. Meanwhile, international markets, represented by the EAFE benchmark, gained 0.11% over the same period. In Canada, the healthcare sector, led by Valeant Pharmaceuticals, continued its collapse with a monthly loss of 17.8%, while the financial and utilities sectors performed best, with respective yields of 2.2% and 1.3%. Conversely, the new real estate sector lost 3.2%, while the basic materials sector, with its multiple gold companies, fell 1.0%. On the bond market, the FTSE-TMX index for Canadian bonds declined by 0.91%, largely influenced by the long-term component, which fell 2.31% (FTSE/TMX Long Term), while the short-term component gained 0.03%.

The provincial bond sector delivered the weakest performance (-1.42%), while municipal, federal and corporate bonds fell 1.10%, 0.79% and 0.40%, respectively.

The U.S. elections are likely to attract investors' attention in early November. At the time of writing, polls showed a very close outcome between the two candidates and we anticipate great volatility on stock markets by Election Day and afterward. The possibility of a FED rate increase by year's end is another factor that may influence markets. According to data collected by Bloomberg, the probability of such an increase by December is 74.8%. Short-term movements may raise serious concerns among investors, but these situations usually provide excellent long-term investment opportunities. We currently have enough liquidity in your portfolios to take advantage of these opportunities.

PERFORMANCE as of 2016-10-31

	1 month	3 months	12 months
Bonds			
FTSE/TMX - 91 Day Tbill	0.06%	0.14%	0.48%
FTSE/TMX - Short Term	0.03%	0.34%	2.05%
FTSE/TMX - Mid Term	-0.70%	-0.28%	5.32%
Stock Market Indices			
CANADA - S&P/TSX	0.62%	2.12%	12.71%
USA - S&P 500	0.33%	0.85%	7.14%
MSCI - E.A.FE.	0.11%	1.77%	-0.79%
\$ CAN versus \$ US	-2.15%	-2.91%	-2.52%

SOURCES: Bloomberg, TSX Group - Total Return, \$ CAN

REGISTERED DISABILITY SAVINGS PLAN (RDSP) — A REASSURING TAX TOOL

People with disabilities and their families face financial challenges. To help them deal with these challenges, the Government of Canada introduced the Registered Disability Savings Plan (RDSP) in 2008.

Generally, the RDSP is comparable to the Registered Education Savings Plan (RESP). It is designed to encourage saving to ensure long-term financial security for persons with severe physical or mental disabilities. The disability must be certified by a physician or health professional using Form T2201.

The RDSP may be established by the disabled persons themselves (if they are of age and able to manage their affairs), or by one of their parents or grandparents, for example. The person who establishes the RDSP is called the plan holder.

The plan holder, or person authorized as such, may contribute up to a lifetime amount of \$200,000 per beneficiary (the person with a disability) to the plan. Contributions may be made until the end of the year in which the beneficiary turns 59.

Main characteristics of an RDSP

1. Money contributed grows tax-free.
2. Anyone can contribute to an RDSP with written consent of the plan holder.
3. Contributions attract the Canada Disability Savings Grant (CDSG), with an annual limit of \$3,500. A beneficiary may receive a maximum CDSG of \$70,000.
4. Contributions may also attract the Canada Disability Savings Bond (CDSB), with an annual limit of \$1,000. A beneficiary may receive a maximum CDSB of \$20,000.
5. The total lifetime contribution for each beneficiary is \$200,000, with no annual contribution limits.
6. Grants and bonds must be repaid to the government if they were contributed to the RDSP in the ten years prior to a payment from the plan, or at the end of the plan.
7. Upon the death of a person in charge of a child or grandchild covered by an RDSP, an amount from an RRSP /RRIF of the deceased may be transferred tax-free in the RDSP without exceeding the \$200,000 limit.

Unused grants and bonds — «the carry forward measure»

If you opened an RDSP in 2008, or afterwards, and the amount of your contributions was less than the maximum allowed, you may claim the unused RDSP and CDSB to which you were entitled. You may use these amounts for your current RDSP or for RDSPs opened in January 2011 or later. The amounts of CDSG and CDSB to which you would have been entitled depend on your family income in those years.

Grants and bonds will be paid based on your contribution room, up to a maximum of \$10,500 for grants and \$11,000 for bonds.

Payments

Payments from an RDSP must begin before the end of the year in which the beneficiary turns 60. Annual payments are subject to a ceiling based on the beneficiary's life expectancy and fair value of the RDSP.

Contributions are not tax-deductible and therefore not taxable at the time of withdrawal. Investment income, capital gains realized by the plan and grants and bonds deposited in the plan are taxable in the hands of the beneficiary at the time of withdrawal.

An RDSP can be an important and reassuring financial tool for families with a member who has a disability. If you need more information, please do not hesitate to contact one of our managers.

CANADA DISABILITY SAVINGS GRANT (CDSG)

Your annual contributions to the RDSP may attract the CDSG, based on the amount paid and net family income.

Net family income *	Contributions	CDSG	Maximum
\$89,401 or less	For the first \$500	\$3 for each dollar paid	\$1,500
	For the following \$1,000	\$2 for each dollar paid	\$2,000
More than \$89,401	For the first \$1,000	\$1 for each dollar paid	\$1,000

Therefore, a contribution of \$1,500 to an RDSP earns \$3,500 in CDSG for a family with a net income of \$89,401 or less, and \$1,000 for a family with a net income of more than \$89,401.

CANADA DISABILITY SAVINGS BOND

Whether or not RDSP contributions are paid, families with lower incomes may be eligible for government assistance in the form of a bond.

Net family income *	CDSB
\$26,021 or less	\$1,000
Between \$26,021 and \$44,701	The \$1,000 bond is reduced
More than \$44,701	No bond is paid

*The net family income considered is that of the plan holder or beneficiary, if the latter holds the RDSP.