

Dear (clients);

Below is the latest monthly market update for October. Following that is a topic we have been getting asked about lately that you may find interesting titled; **Establishing a Private Foundation**. Please contact us directly if you have any questions or needs.

Last Month in the Markets – October 1st – 31st, 2017

	TSX	S&P 500	DOW	NASDAQ	CAD/USD	GOLD (USD)	OIL (USD)
Month - End	16,025.59	2,575.25	23,377.24	6,727.67	77.59 ¢	\$1,270.50	\$ 54.38
month +/-	+ 390.65	+ 55.89	+ 972.15	+ 231.71	- 2.59 ¢	- \$14.30	+ \$ 2.71
month +/- %	+ 2.50%	+ 2.22%	+ 4.34%	+ 3.57%	- 3.23%	- 1.11%	+ 5.24%
52 wk HIGH	16,025	2,581	23,441	6,759	82.90 ¢	\$1,362	\$ 58.44
52 wk LOW	14,481	2,084	17,884	5,034	72.50 ¢	\$1,140	\$ 43.08
YTD +/- %	+ 4.83%	+ 15.03%	+ 18.29%	+ 24.98%	+ 4.29%	+ 10.32%	+ 1.23%
1Yr +/- %	+ 8.37%	+ 21.12%	+ 28.85%	+ 29.65%	+ 4.04%	- 0.20%	+ 16.05%

(source: Bloomberg <https://www.bloomberg.com/markets>)

What happened in October?

- October was an exceptionally strong month for equities in Canada and the United States. Despite the political wrangling, posturing and news (good and bad) on both sides of the border, the four major North American indices surged forward.
 - It is almost ludicrous to say that the S&P 500 was the laggard after gaining more than 2% in October; however, the Dow and NASDAQ delivered significantly higher returns.
 - Even our market-index; the S&P/TSX returned 2 ½ points, and closed above 16,000.
- Some negative news did occur even if it felt 'manufactured'. The negativity may have gathered more interest than usual since the 30-year anniversary of Black Monday was observed on October 19th. In 1987, the Dow closed with its largest single day loss, 23%, and the popular press drew parallels between today's performance, and three decades ago.
 - Notwithstanding these negative news accounts, the equity markets powered ahead, reaching new historic highs.
- One of the largest news items that will affect the Canadian economy and our investment

markets is the continued lack of progress on NAFTA negotiations.

- The Americans have insisted that all future disputes be settled in U.S. courts, under U.S. laws, which is an unacceptable, sovereignty-robbing condition for Canadians.
 - The supply-control system for agricultural products, particularly milk, is under threat as well.
- On a positive note, the Liberal government's plan to update tax legislation affecting small business owners, family businesses (including farms), and professional corporations has been tempered following public consultation.
 - The final plan, and legislation, has not been written nor passed, but expect more balanced changes than originally proposed.
 - When a clearer picture of the proposed legislation and its effects emerges, those impacted should expect to consult with advisors for legal, accounting and investment matters to minimize tax under the new system.
 - Some of the tempering of Finance Minister Morneau's initially proposed plan may be driven by two salacious events.
 - Morneau did not fulfill his commitment to place his investment assets inside a blind-trust, which would allow him to govern without understanding the direct impact of changes on his personal financial situation. Essentially, the purpose of a blind trust in this situation is to prevent the appearance and the reality of a legislator and Cabinet Minister from benefiting from new law that is intended to benefit the country and its citizens.
 - A hack of a Bermudian law firm has shown that many around the world, including prominent Canadian families and firms (Bronfman, Weston, Suncor, PetroCanada, etc) have utilized complicated offshore financial vehicles to minimize taxes. It is being referred to as the "Paradise Papers" since the information emanated from an exotic location.
 - Although no impropriety has been proven, the existence of these vehicles for the richest Canadians who can engage professionals, while low-income and middle-class Canadians cannot has reoriented some of the proposed legislation.
 - One organization who is red-faced over these revelations coming from Bermuda is the House of Windsor, further evidence that these schemes aren't available for all!
 - Additional details on the new taxes, and their effect will be shared once known.

What's ahead for November and beyond?

- Expect more difficult negotiations regarding NAFTA. President Trump will continue to make proclamations and issue ultimatums on issues that will actually be discussed at the

bargaining table. The schedule for topics places most of the thorny issues toward the final rounds, which allows some initial progress on smaller items. This encourages agreement on the larger issues, since no one wants to destroy progress that has been achieved

- Monetary policy, specifically interest rates, in Canada and the U.S. will be closely watched. The rates were unchanged by the Federal Reserve in October, and most analysts believe that a December rise is likely.
 - Stephen Poloz, the Governor of the Bank of Canada, has maintained a very independent stance for our benefit. However, he cannot resist forever, and will eventually succumb to pressure from the U.S. and follow along if U.S. rates rise.

Establishing a Private Foundation

What is a Private Foundation?

A private foundation is a not-for-profit organization that is set up solely for charitable purposes. A Private Foundation is typically controlled by a single donor or a family.

Benefits of Setting up a Private Foundation:

- 1. Charity Status:** Private foundations must become a Registered Charity with the CRA. This allows you to issue donor receipts to those who contribute to the foundation
- 2. Personal and Family Involvement:** By setting up a private foundation, you can be personally involved with the distribution of your funds. Family members can also take on a key role in running the foundation. Whether it be doing philanthropic research and presenting to the board members, or being directly involved in the decision-making process, there are endless opportunities for your foundation to become a family-powered initiative.
- 3. Control of Where Your Funds Go:** As the funder of your foundation, you have the final say on where and how your funds are dispersed. Private foundations can be used to fund programs inside of your community or outside of your community, such as national or international initiatives.
- 4. Leaving a Legacy:** A Private foundation can continue in perpetuity. This means that your charitable giving can continue for as long as your foundation exists. Your foundation can become a family heirloom that is passed on from generation to generation, keeping your legacy alive.

5. Community Involvement: Distributing funds from your private foundation will give your family recognition and influence in your community, which can in turn expand your fundraising and giving opportunities.

Tax Benefits

Donating money through a private foundation has tremendous tax benefits for the donor:

1. Any income earned within the foundation is considered tax exempt. This is a valuable benefit that allows all returns to be available for use, furthering your charitable giving.
2. During their lifetime, a donor can claim donation tax credits of up to 75% of the donor's net income in the year of the donation.
 - o These credits can be carried forward up to five years
3. When a donor donates a publicly traded security, there is a deemed disposition for income tax purposes. Special tax rules deem the taxable gain on the disposition to be zero when donated to a regulated charity.
4. Most donors invest money in the foundation and use the investment returns to fund their charitable giving. To keep charitable status, foundations must distribute at least 3.5% of their funds to charity every year.

The Bottom Line

Setting up a Private Foundation can be a great way for you and your family to give back to your community. There are many benefits to establishing a foundation, and if philanthropy is important to you, it can be an effective estate and tax planning tool.

Thank you for taking the time to review this.

If you have any other topics you would like to learn more about, just ask.

Sincerely;
Your name