From the desk of Jordan Campbell, CFA
Portfolio Manager, Manulife Securities Incorporated
jordan.campbell@manulifesecurities.ca

Market Review

Most major global equity markets have continued their strong rally from the second half 2020 through the first 11 months of 2021 (up to November 30, 2021). The Canadian equity market, represented by the S&P/TSX Index, was up with a year-to-date price return of 18.50% (CAD). It was matched closely by the U.S. with the S&P 500 Index returning 21.60% (USD). Emerging markets, however, have struggled, represented by the MSCI Emerging Market Index with a return of -3.50% (USD).
Source: National Bank, November 30, 2021

With that said, there are certain factors, that may be making investors cautious. Covid continues to be a global presence, popping-up across the world in waves. There has also been news of inflation of every good from toys and food to gas and electricity making our lives more expensive. Events like this could derail the global economy and the strong stock market returns that we've seen. However, we still believe that there are reasons to be optimistic heading into the end of the year and into 2022.

Monetary policy. The U.S. Federal Reserve (Fed) has defended their very accommodative monetary policy while pointing out reasons to be confident in the economic recovery. Although it's likely that the Fed will begin to reduce ("taper") the amount of bonds it buys in the coming months, it's likely to be a gradual withdrawal from pandemic-era stimulus measures. This should be supportive for the stock market.

Markets are less expensive than earlier this year. We've seen a strong earnings recovery globally, which has been the primary driver of returns. Despite global markets being at or near all-time highs, share prices relative to their profits have moderated. Today, investors are paying less for each dollar of profits than they were at the beginning of the year as earnings have grown faster than stock prices.

Peak doesn't mean weak. Equity markets seem to be reacting more to day-to-day headline news than long-term fundamentals. News of peak of market returns from last year's bottom suggest the best is behind us. While that may be the case, any rolling over of market data merely suggests that the growth rate is slower, rather than negative.

Strong returns can continue. During the past 30 years, investors' returns have been positive nearly 75% of the time on a one-year rolling basis. But of course, there can be times of negative returns like 2008, 2018 and March of 2020. It's easy to use hindsight, look at the statistics and say that staying invested is the best decision you can make. It's a different thing to actually live during periods of volatility though and to watch the value of your hard-earned money drop in value and not feel the urge to sell.

This is where we come in as your investment advisor, to guide you through these periods, taking your unique personal circumstances into consideration and helping you to make the best financial decisions for you and your family.

From the desk of Gerdi Lito, CFA
Financial Advisor Associate, Manulife Securities Incorporated
gerdi.lito@manulifesecurities.ca

Tax loss selling

With the year coming to a close, this is the time of year that we look at the taxable accounts in your portfolio to see if there are any securities that are down which we could sell to offset capital gains you've realized.

Even if you do not have realized capital gains this year, triggering a tax loss now can still be useful as tax losses are carried backwards up to three years and forward indefinitely to offset gains you've made.

For 2021, the last day to complete any tax loss selling trades is December 29th. Although 2021 has been a great year for stocks, there still might be securities in your portfolio that can be sold for a tax loss purpose.

We strongly recommend that you send us (if you haven't already) your tax returns to help with tax loss planning. You can also have your accountant contact our team directly and send us the tax returns.

From the desk of Frank Valicek, CFP, CIM
Financial Advisor, Manulife Securities Incorporated
President & Life Insurance Advisor, Upper Canada Capital Inc.
frank.valicek@manulifesecurities.ca

How to Prepare for Rising Interest Rates

As we approach 2022, all expectations are for the Bank of Canada to start raising interest rates as early as March. The re-opening of global economies has provided the conditions to unwind the 1.50% in interest cuts that were made in March 2020 to help support the economy when the COVID-19 pandemic was declared. Households can prepare for rising rates in a number of ways as outlined in BNN Bloomberg's interview with Benjamin Tal, Deputy Chief Economist of CIBC which can be viewed here: Start preparing for rising rates.

If you have questions as to how to manage through the rising interest rate environment, we're here to help!

From the desk of Mathew Cain, CIM
Associate Portfolio Manager, Manulife Securities Incorporated
mathew.cain@manulifesecurities.ca

Helping Your Favorite Charity By Donating Stocks Rather Than Cash – A Tax Advantage

The act of helping others, donating to charity, or volunteering your time can give you an improved sense of wellbeing and help create positive change in the world.

While any gift to charity is appreciated, it may be more advantageous and tax efficient to donate securities such as stocks, bonds, mutual funds or ETFs*.

1. There is no taxable gain taxation on gifted securities.
    - Currently, if you sell a security outside of your RRSP or TFSA, 50% of the capital gain will be taxable income and taxed at your marginal tax rate.
    - However, if you donate the securities directly (called an "in-kind" donation), the taxable capital gain is avoided, and you will receive a charitable receipt for the market value of the securities on the day.
    - Try to donate securities that have the largest capital gain to maximize the tax savings for zero capital gains inclusion for the donated securities.
    - Capital gains on investments held in a TFSA are already tax exempt. Donating these investments will not generate the same tax savings as donating securities held in a taxable investment account.
2. You can give more.
    - Given that you can avoid the capital gain taxation, you can now give more and your favorite charity can receive more.
3. You can potentially reduce future taxable capital gains and possibly avoid clawing back OAS in later years.

If you prefer to donate securities, please feel welcome to contact our team in November and early December to get the process started. Most institutions that except securities will require a signed form which can typically be found on their website. Having said this, its always best to start the process a few weeks prior to December 31st to allow for transferring and processing time.

***What is a Qualifying Security**

Investments that are eligible for this special tax treatment can be found here and include:

- shares, rights, and debt obligations (typically bonds or debentures) that are listed on a prescribed stock exchange;
- shares of a Canadian public mutual fund corporation and units of a mutual fund trust,
- interests in a segregated fund trust

From the desk of Jeton Spahiu, CIM
Financial Advisor Associate, Manulife Securities Incorporated
jeton.spahiu@manulifesecurities.ca

Registered Education Savings Plan (RESP)
December 31st this year is the deadline to make a contribution to your RESP if you want to qualify for the 2021 government grant.

For your reference, the government matches 20% on the first $2,500 contributed annually to an RESP, to a maximum of $500 per beneficiary per year. The lifetime maximum per beneficiary is $7,200, up to age 18.

If you don't contribute enough to qualify for the maximum $500 grant in a given year, then the unused entitlement can be carried forward to the next year. However, you can only use $2,500 of any carry forward room each year and there are additional limits added once the child is 17 years old.

You can find out how much room you have by calling Human Resources and Development Canada at 1-888-276-3624. Once you have the number, let us know and we can help you make an RESP contribution.

From the desk of Monika Kucinskaite, M.Com
Financial Advisor Associate, Manulife Securities Incorporated
m.kucinskaite@manulifesecurities.ca

If you are trying to think of a gift idea for someone this holiday season, consider giving a digital news subscription from a Canadian news company as you will also be able to claim a tax credit. This digital news credit tax was introduced by the Federal Government in 2019 and will only be available until 2024.

Every Canadian who files an income tax returns can benefit from this tax credit. Up to $500 spent on qualifying Canadian content will get you a 15% or $75 credit. You would just need to save the receipt and buy this subscription from the CRA approved list of organizations. Click here to access the list.

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