



Finance:  
It's not just about your  
business.

RBC Wealth Management

June 4<sup>th</sup>, 2013

# Private Banking Advisory Team

- **Cindy Roberts, FEA, Senior Private Banker**
- Ellie Medarev, Private Banker
- Lori Renzone, Senior Associate
- Sherri Maillet, Associate
- Gord Comstock, Manager Credit Structures

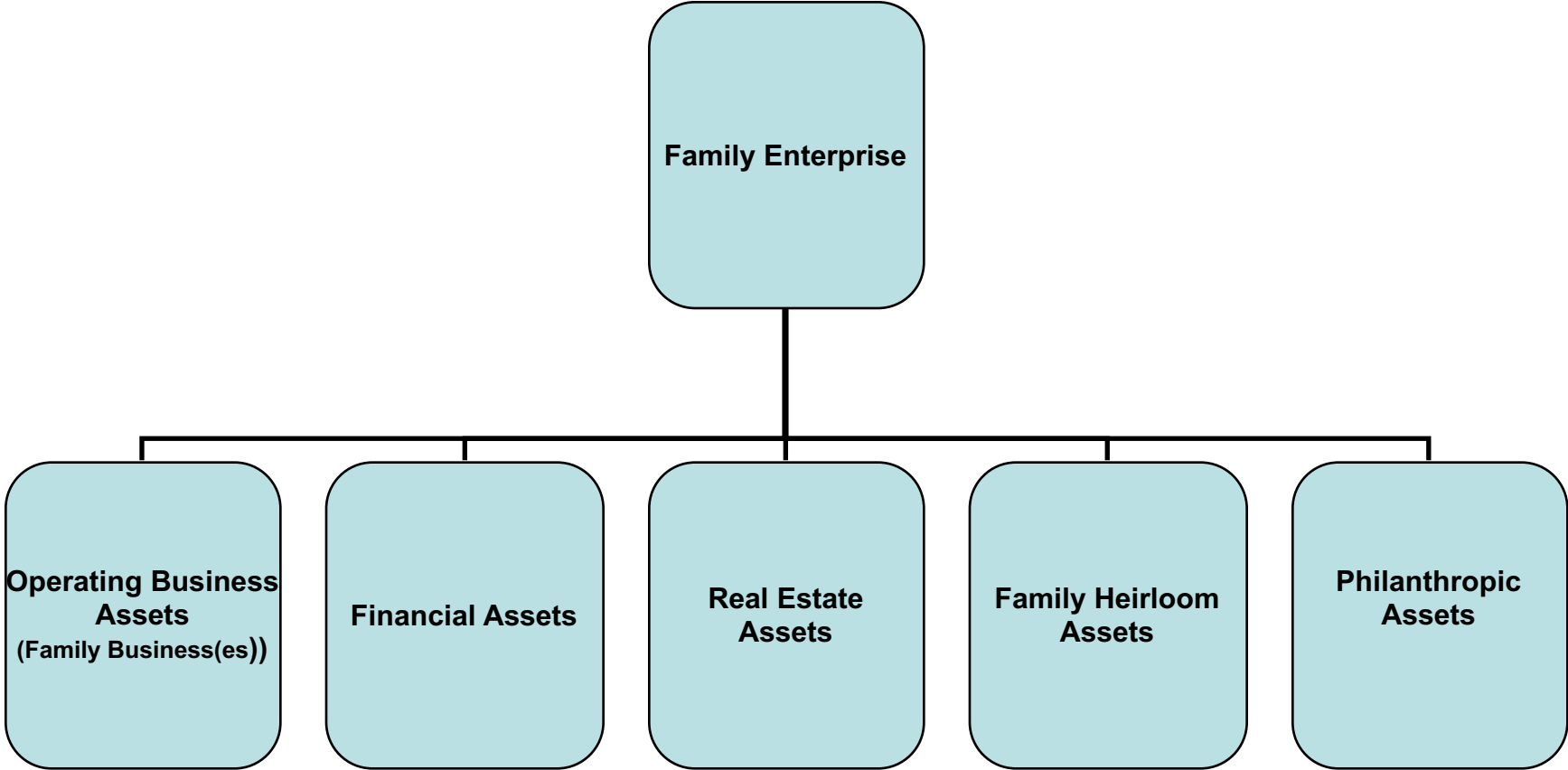
# Perera Wealth Management Group

- **Adrian A. Perera, B.B.M., CIM, FCSI**  
**Vice President & Associate Portfolio Manager**
- Sharan Chahal, B.Comm, Associate Advisor
- Megan Brown, LLB, Will and Estate Consulting
- Rebecca Henri, PFP, CFP, Financial Planning Specialist
- Barrington Grey, B.A, CFP, CLU, Insurance Solutions

# Technology Fast Facts

- 80% of all businesses world wide are owned by families
- 35% of Fortune 500 companies are family controlled
- In 2009, there were 2.5billion connected devices with IP addresses to the internet. In 2020 there will be up to 30 billion devices connected
- By 2017, mobile smart devices will represent more than 80% of device spending
- By 2017 nearly 1/2 of first time computer purchases will be a tablet
- In 2013 the country with the fastest growing internet population was ???  
Number of users surged by 205% vs.
- India, the most under-served, only 11% of population using the internet
- We spend 12% of our time on mobile devices, yet only 3% of advertising spending is allocated to the medium

# Family Enterprises vs. Family Business



# Assemble your Advisory Team

- Accountant
- Lawyer
- Family Members
- Management Team
- Business Valuator
- Business Broker
- Mentor
- Family Business Facilitator
- Insurance Advisor

## *RBC Resources*

- Private Banker
- RBC Commercial Account Manager
- Portfolio Manager, Investment Advisor
- High Net Worth Wealth Mgmt Specialist
- Business Advisor on Sale of Business

# Six Key Questions Every Business Owner Should Answer

1. Have you considered your exit options?
2. Do you know what your business is worth?
3. How do you own your business?
4. What planning have you done in relation to the transition/sale of your business? In a timely manner ?
5. What does retirement or post-exit look like?
6. What happens if there is an unexpected tragedy?

# Developing a Personal Financial Plan

## Compass<sup>®</sup> Financial Plan

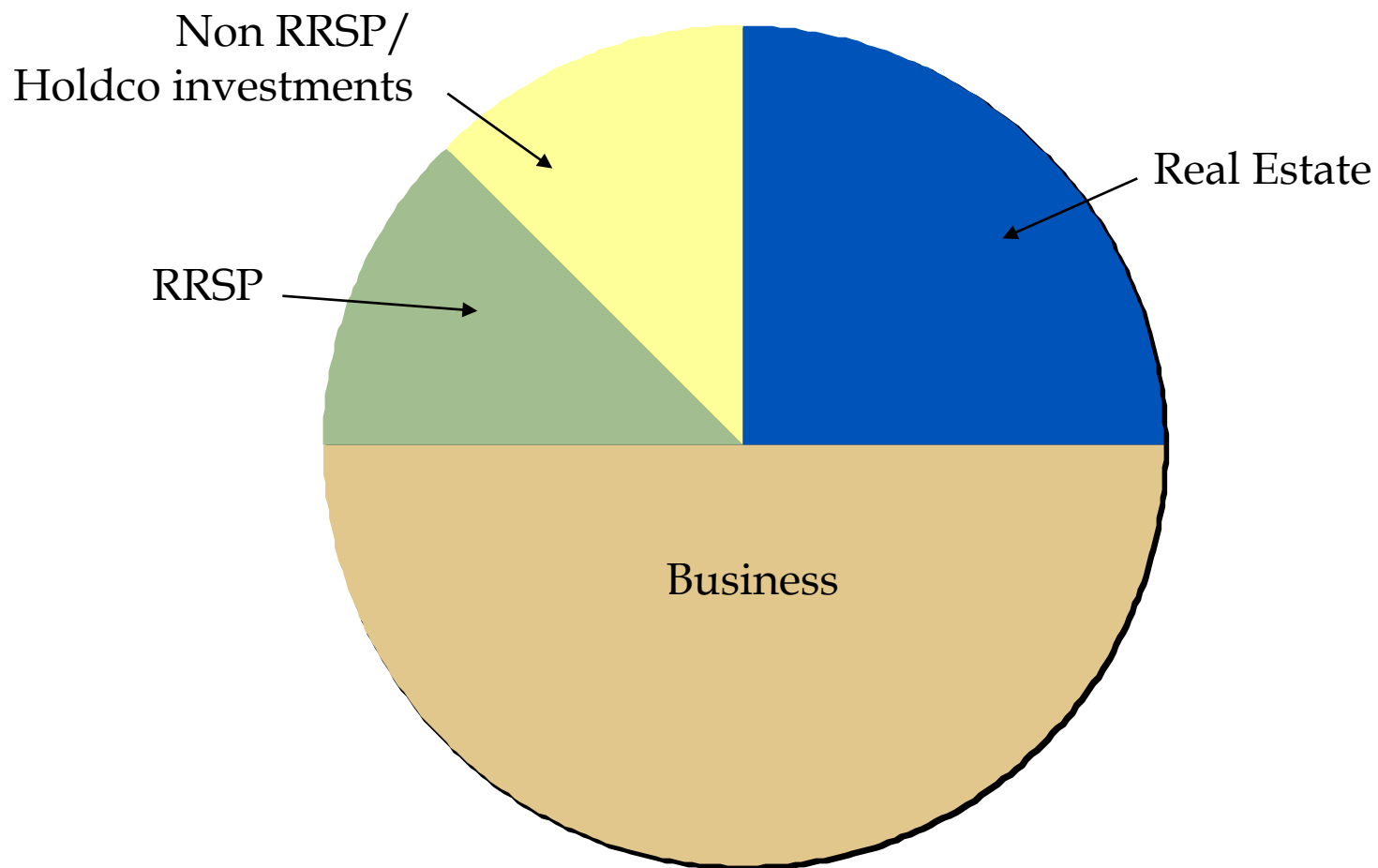


- The plan is specifically designed to provide financial clarity to individuals with more complex financial circumstances.
- The plan provides a clear indication of your ability to meet your objectives, with detailed recommendations based on your specific needs.
- Each plan is prepared by our financial planning experts to address your various financial planning needs, including:

- Cash and debt management
  - Tax Planning
  - Investment planning
  - Retirement planning
  - Estate planning
  - Risk management
- Recommended Plan  
Alternate “What If Scenarios”  
Clear Action Plan



# Typical asset allocation of a business owner



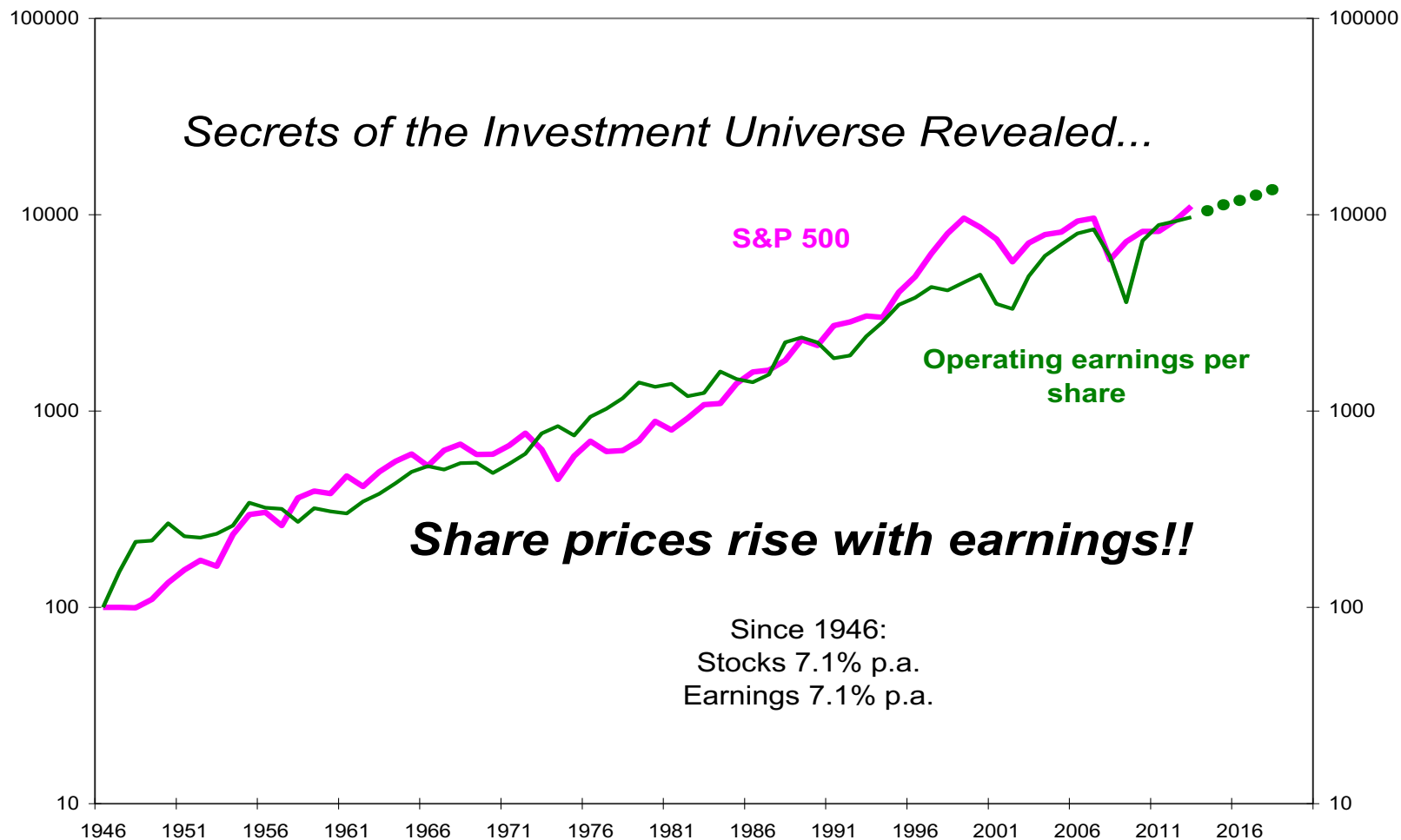
# RISK

- Your concentrated holding is your largest risk
- CRA is your largest liability

## MM Case

- Assemble team
- Assess risk and liability
- Create solution
  - Estate freeze
  - Income split
  - Fund tax liability

# Market Fundamentals



# Looks fairly impressive??

\$SPX S&P 500 Large Cap Index INDX

30-Apr-2015

© StockCharts.com

Open 2067.63 High 2125.92 Low 2048.38 Close 2085.51 Volume 43.9B Chg +17.62 (+0.85%) ▲

↑ \$SPX (Monthly) 2085.51



## Long-Term Market Cycles 1924–2014

\$SPX S&P 500 Large Cap Index INDX  
30-Apr-2015

We believe that the market is six years into a secular bull market that could have many more years to go, and could take the S&P to much higher levels. During this period there can be some fairly sizeable corrections in the stock market, and even some less-severe economic recessions, but these often represent unusually attractive buy points. The years ahead could represent a good time to own stocks, in general, much like it was in the 1975–2000 period.

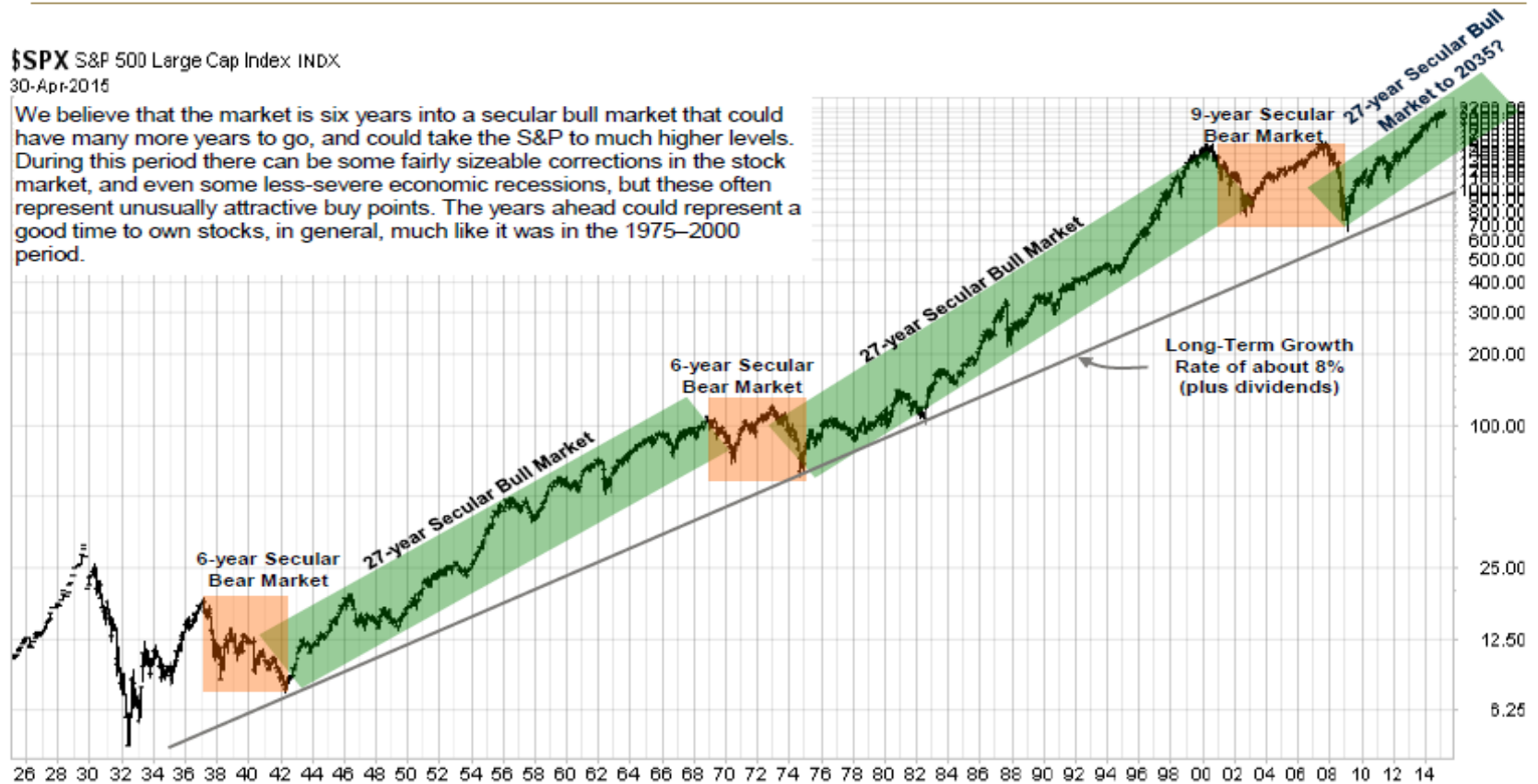


Chart courtesy of StockCharts.com and RBC Wealth Management



**S&P 500**



**421**



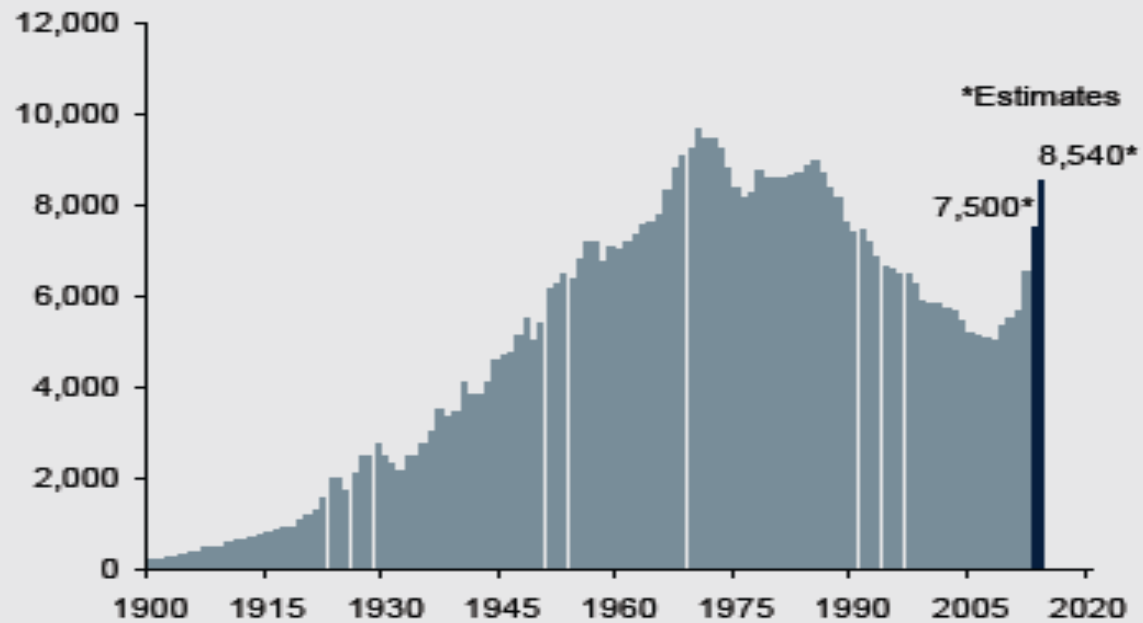
**337**

- Universe
- Consider only those that pay a dividend
- Exclude bottom Quintile
- Dividend yield 1.25x S&P
- Relatively Cheap P/E & FCF
- Good intermediate term trend
- Solid capital allocation
- Free cash compounders

# US a net energy provider??

## Soon to Be the World's Largest Producer

U.S. Crude Oil Production - Barrels per Day (000's)



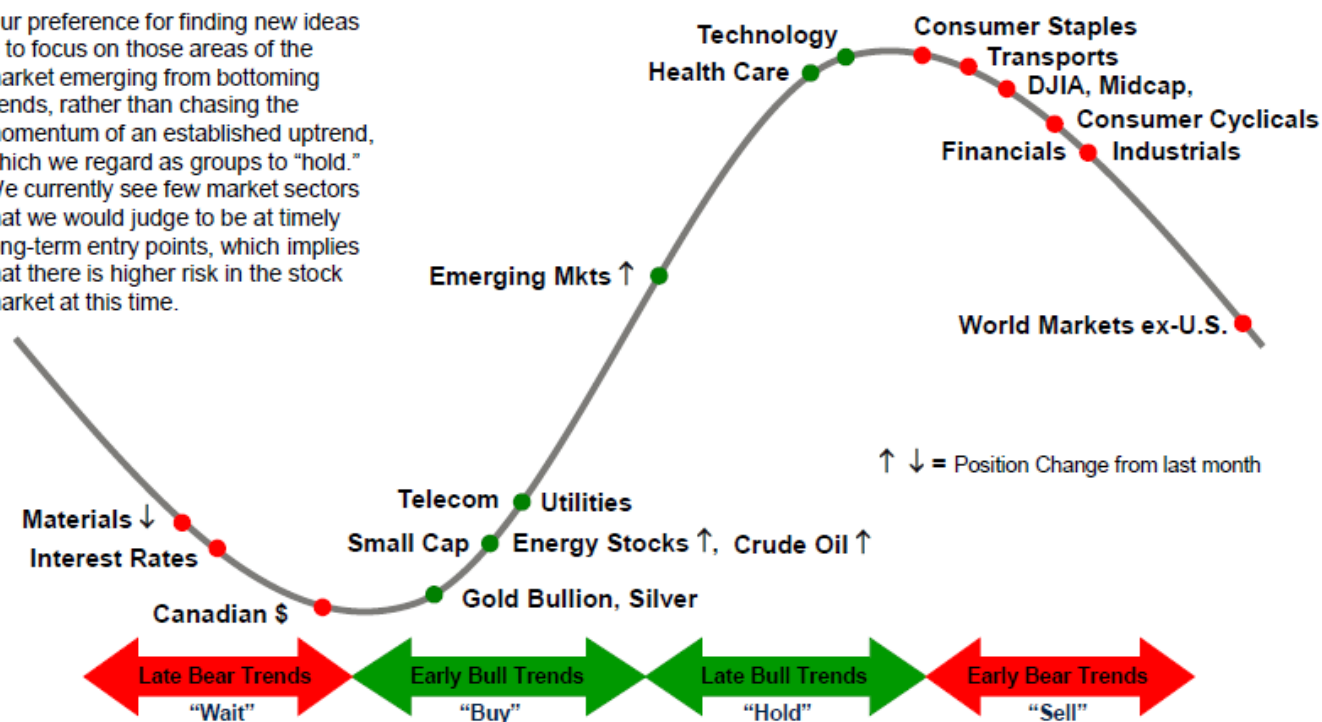
Source - U.S. Energy Information Administration



## S&P Sectors & Market Indices Cycle Positions

### Relative Positioning of Major Sectors Within Their Individual Cycles

Our preference for finding new ideas is to focus on those areas of the market emerging from bottoming trends, rather than chasing the momentum of an established uptrend, which we regard as groups to "hold." We currently see few market sectors that we would judge to be at timely long-term entry points, which implies that there is higher risk in the stock market at this time.



Source - RBC Wealth Management

# Rates seem extraordinary



RBC Wealth Management

## 10-Year Treasury Note Yield for 140 Years

The trend on interest rates continues to be lower for both the long and short term, and appears even to be accelerating to the downside. The support is around the 1.6% level, and the first resistance level is around 2.4%, and a long bottoming range that measures in years is likely before a true rising trend develops for rates.

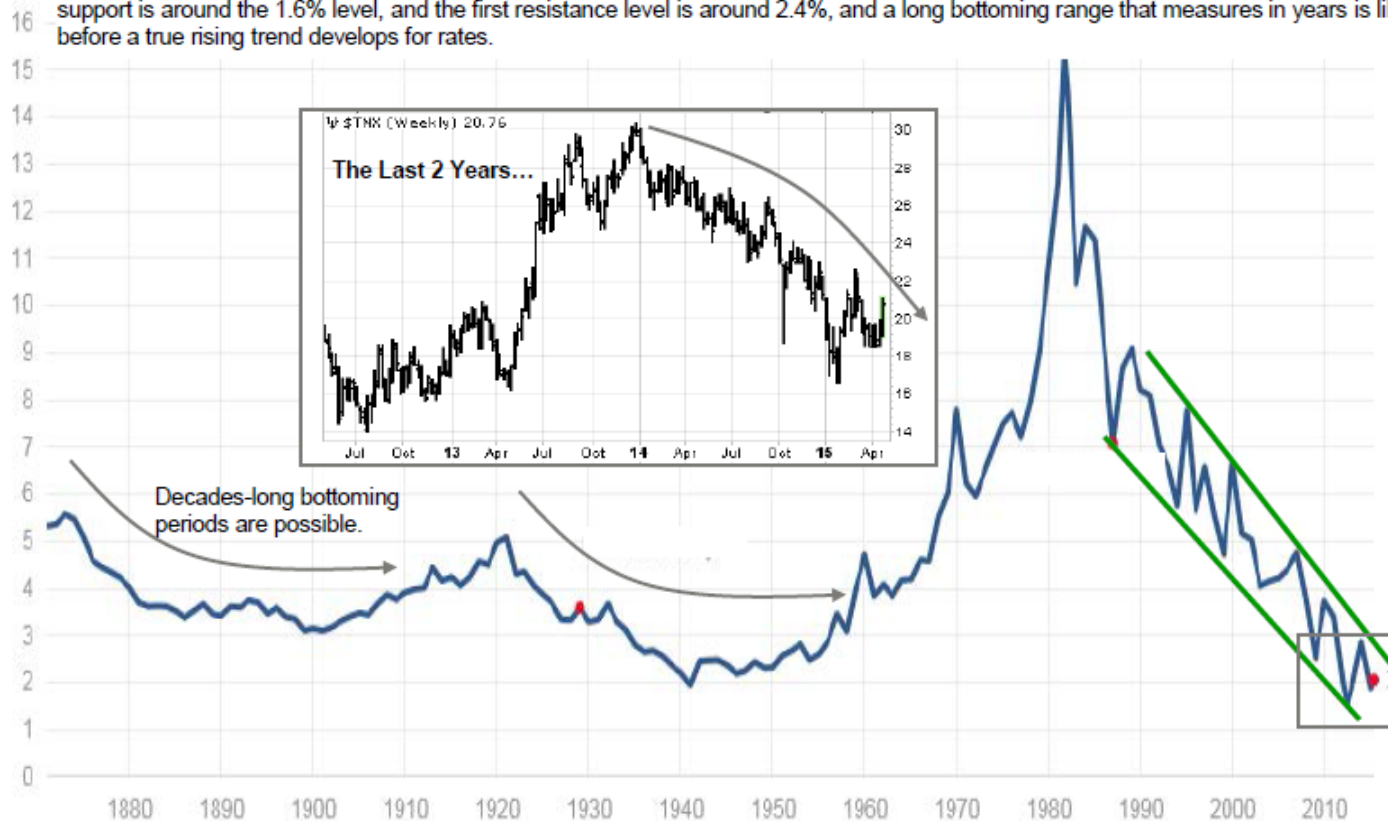
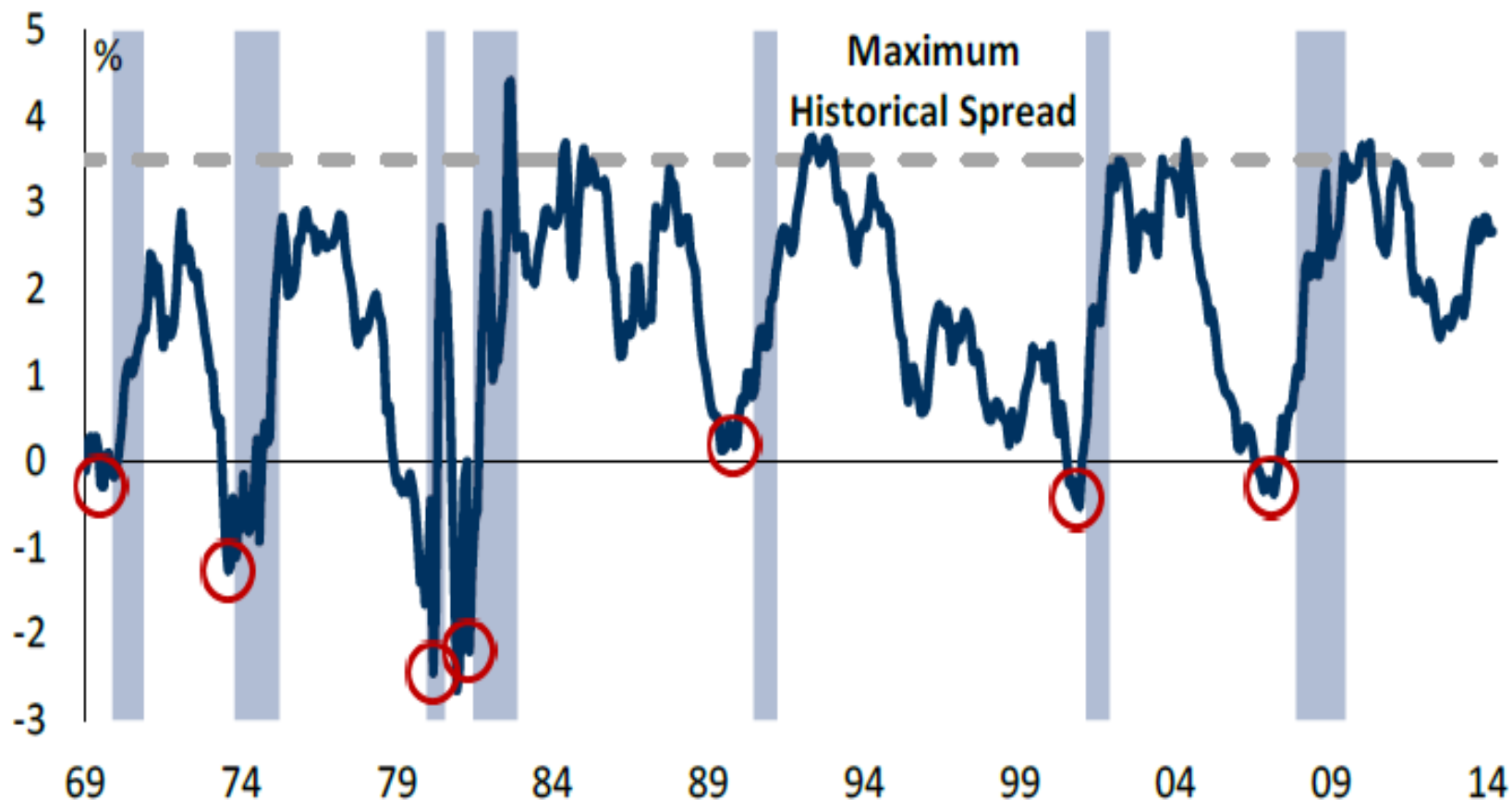


Chart courtesy of MultiPL.com and RBC Wealth Management



# Rates typically invert before recession



# TSX underperforms relative to S&P

**\$TSX** TSX Composite Index TSE

30-Apr-2015

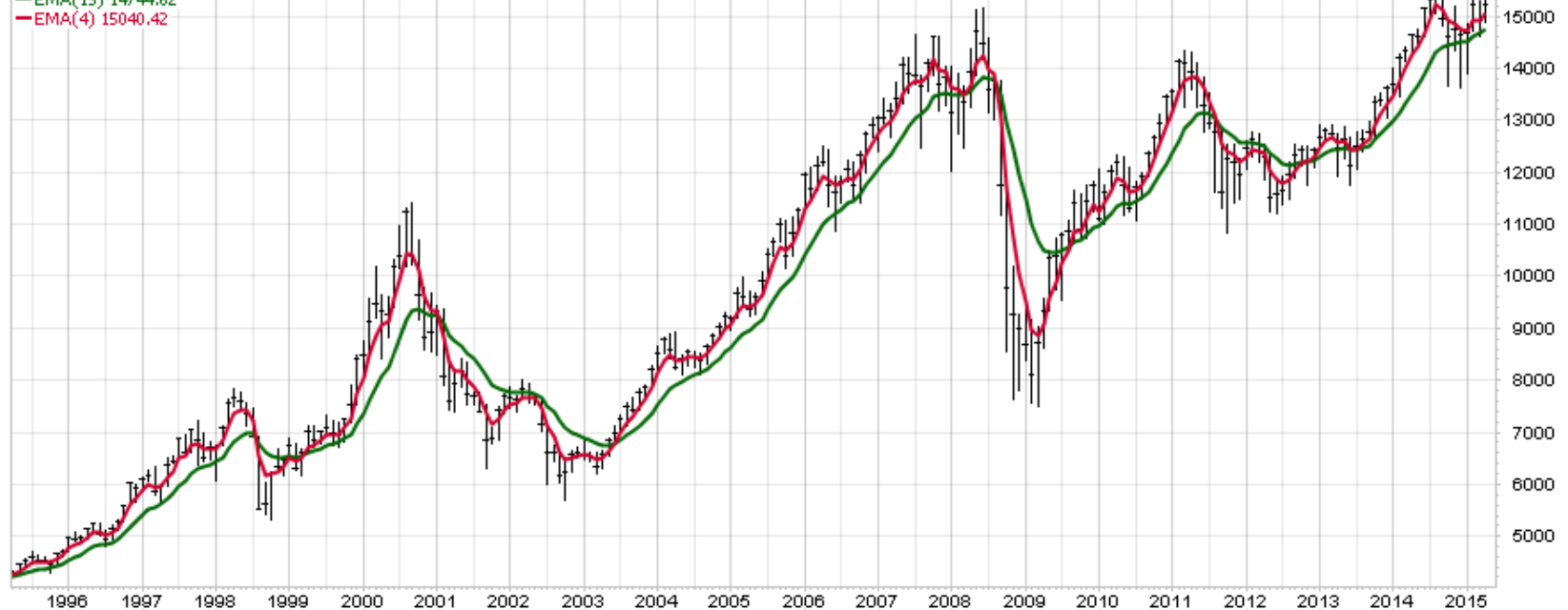
Open 14925.16 High 15524.75 Low 14878.53 Close 15223.14 Volume 3.7B Chg +320.70 (+2.15%) ▲

© StockCharts.com

↑↓ \$TSX (Monthly) 15223.14

— EMA(13) 14744.62

— EMA(4) 15040.42



# Contingency Planning

- Consider it part of your strategic business planning
- Continuity of business operations
- Wills/Powers of Attorney
- Life Insurance

# Holdco Investment vs. Life Insurance

## Holdco Taxable Investments (6%)

## \$2MM Corporate Life Insurance (2.5%)

Year	Age	Account	After-tax Estate Value	After-tax Estate Value	
				Deposit	Value
1	56	\$500,000	\$396,247	\$100,000	\$2,035,658
2	57		409,091	\$100,000	2,076,305
3	58		422,245	\$100,000	2,119,098
4	59		435,822	\$100,000	2,160,021
5	60		449,835	\$100,000	2,203,229
15	70		617,303		2,213,462

Female/Male – Joint last-to-die - age 56 (non-smoker) – Oct 24, 2014 (Sunlife)



# Acetech Annual Retreat 2015

- Thank You
- Questions?

# Disclaimer

- The following information is presented on the understanding that it is for education and information purposes only. Neither RBC nor the presenter has been retained to provide legal, taxation, accounting or other professional advice.
- Any strategies, advice and technical content in this presentation are provided as general guidance, based on information that we believe to be accurate, but we cannot guarantee its accuracy or completeness.
- Individuals should consult with their own professional advisors to determine the suitability of the information and examples contained in this presentation before acting upon them. This will ensure that your own circumstances have been considered properly, and that action is taken on the latest available information. Interest rates, market conditions, tax rules and other investment factors are subject to change.