More Bottom Line

... An Investment Update from the Retire First TM Team

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From the Desks Of:

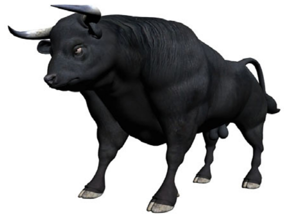
Doug Allan Brad Lamash Chuck Blackburn Kate Allan Scott Loucks Todd Thiessen

World Index Report

Annual Compounded Returns as of 12/04/2019

1 year… 13.04% 3 year… 9.83%

5 year… 8.79% 10 year… 9.39%



FX Report *All Prices as of 12/04/2019*

CDN/USD… 0.759 CDN/GBP… 0.5765

CDN/EUR… 0.683 CDN/AUD… 1.110

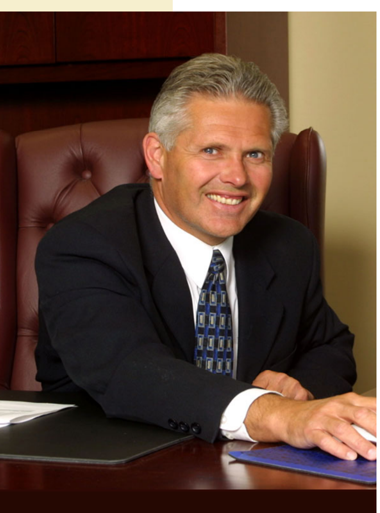
CDN/MXN…14.69

CIPF Canadian Investor Protection Fund MEMBER

Top Picks

- **IBI 5.5% Dec 31, 2021**
- **Polaris Infrastructure 7% May 31, 24**
- **Inter Pipeline 6.6% Nov 19, 2079**
- **North American Construction Group 5% March 31, 2-26**
- **Alaris Royal Corp 5.5% June 30, 2024**
- **Exchange Income 5.75% March 31st, 2026**
- **Capital Power**
- **Killam REIT**
- **Element Fleet Management**
- **Goeasy**
- **Fiera**
- **Dundee Precious Metals**

IIROC Investment Industry Regulatory Organization of Canada



Santa Comes to Wall Street By Doug Allan

As 2019 comes to a close it appears that the North American stock exchanges, as represented by the S&P 500 and the TSX 300 index, are going to go down into the history books as having one of their best yearly performances since 2013. Europe will come in with a distant third place, especially when currency losses are factored in. However; emerging markets like China and India are likely to end up positive, but likely in the single digit range not even recovering last year's losses.

In China, for example, financial warning signs are flashing almost everywhere. The Chinese financial stability board now says that 15% of the 5,500 banks in China are now considered high risk. While they are quick to relate their dire situation to trade with the USA, the reality is it's likely deeper than that. With the huge build up in real estate over the past decade or so, the vacancy rates in many of the cities exceed 50%. Plunging retail sales and a declining currency are just some of the indicators that would say not all is well in China. While a phase one trade deal would be well accepted by all participants, it is not clear to me that this is the only obstacle to prosperity. In the meantime, other countries like India are also experiencing their slowest growth in 6 years. With GDP growth rates slipping from the 9% rates a few years ago to the 4.5% level we witness today they too are feeling the pain.

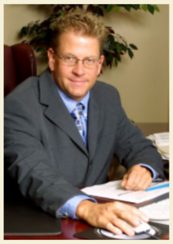
In the USA, the federal reserve remains accommodative with future rate cuts likely to occur in 2020; that alone should allow for positive returns again next year. The wild card is the US election. Today, the market would welcome the reelection of the Republicans and is likely already built into most forecasts. A Democratic upset would be a surprise at this point. The never-ending impeachment saga seems to be doing little to change that outlook.

In Canada, the consumer keeps on piling up the debt. Debt service ratios are now at a record high of 14.7% matching the record set in 2008 when interest rates were significantly higher than they are today. The Bank of Canada has been one of the few central banks in the world not to lower interest rates this year as they have been worried about adding fuel to this domestic debt situation. I think it is fair to say the US consumer is in better shape and as such we would expect weaker Canadian domestic spending in 2020.

Despite the better economic outlook in the USA, stock market valuations are far cheaper in Canada. While valuations ultimately come down to expected growth rates, there appears to be little to no bargains in the USA currently. Everyone in the world knows the USA is where you want to be, and stock valuations reflect that fact. Canadian public companies trade currently at 15X earnings while their US counterparts sell for 22X. To capture this price discrepancy, we have been trying to focus on Canadian traded companies who have the majority of their sales in USA dollars, giving us full exposure to their growth rates in the US while still enjoying the far superior stock valuations in Canada.

In Canada, technology has been the best sector so far this year with stocks like Shopify more than doubling. The worst sectors have been the energy sector, down 3% and the healthcare sector, down about 13% caused by the high-flying pot stocks finally getting their wings clipped. While it's never easy buying out of favor sectors, history has shown that poor performing sectors often become the darling of the future. While pot stocks may have had their day in the sun, it is likely we have not heard the last from the oil and gas industry despite what the media might have us believing currently. Natural gas supported by LNG could be the bright light at the end of this long dark tunnel.

6 Signs That You Are Ready to Retire Early by Brad Lamash



As you save and invest for the future, it is important to consider what age you want to retire; especially if early retirement is on your radar. After all, the sooner you retire; the more time you'll have for traveling, visiting with friends and family, or pursuing the hobbies you may have neglected during your working years. Getting the timing right is important to ensure that you've saved enough. If you're on the fence about when to retire, these signs may signal that it's time to leave the daily grind behind for good.

- You're debt-free
- You have estimated your retirement needs
- You saved for retirement (RRSPs, TFSAs etc.)
- Your insurances are all up to date
- Your children don't rely on you financially
- You're in a retirement frame of mind

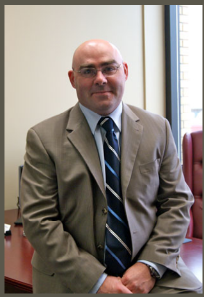
When you have checked off the above list; it maybe time to consider announcing your retirement. Please give us a call/email and we can give you ballpark numbers on where you sit based on your estimated retirement needs.

Website Update!

Our staff has been busy creating some new learning resources for our clients that will be available on our website over the coming months.

We have also introduced a Retire First linkedin page where we are posting relevant news articles that affect the market.

Taking Advantage of Tax-Loss Selling By Scott Loucks



No one ever wants to take a tax loss obviously, but if you are invested in the market in non-registered accounts the fact is that it is going to eventually happen. So instead of taking a glass half empty approach take a glass half full approach. Sell the under performers to capitalize on the loss against your capital gains and buy into sectors that have been beat up a bit but are gaining momentum into the new year.

The important part when buying back into the market is to wait for the negative momentum from the tax-loss selling to die down, which tends to be around the middle of December. On average, most of the tax-loss selling is completed by the middle of December, which results in liquidity beginning to dry up and a change in momentum to the upside that last into the New Year. This trend, supported by both the quantitative and technical analysts, has occurred over the past 8 consecutive years. This year the sectors that will probably benefit most from the tax-motivated movements are the marijuana sector and certain oil and gas companies. Although the marijuana space is not for everyone companies that are able to take advantage of the integration of the industry into the US, like Harvest (HARV) and Trulieve (TRUL), will most likely have the strongest moves. For ideas in the oil space, if you think the sector in for a positive move, I would stay south of the border with companies like Enerplus (ERF) and Encana (ECA). And if you want to support the companies operating in Canada, the best place to be is the beat up gas names like Advantage (AAV), Seven Generations (VII), or Tourmaline (TOU).

I know it is sometimes difficult to have the confidence in the market to buy back when you have taken some losses, but 8 years of data shows that there is tax loss selling and rebuying advantages out there to help make some of that money back.

Electrification By Kate Allan

The world is a buzz with chatter about reaching climate targets and the steps we need to enact to get there such as switching domestic heating and vehicles to electric from fossil fuels. While I am not arguing for or against climate change, I simply want to highlight the impact of these changes on your investment portfolio.

For example, British Columbia has set out their 12-year plan on how they will meet their 2030 targets to reduce carbon released by 40% from 2007 levels. To reach this goal they are encouraging both efficiency and conservation in both the home and workplace. Today, fossil fuels supply 2/3 of BC energy; but under their energy targets, homeowners will be switched to electric energy. To meet BC's goal, the province will require a 50% increase in electricity production; and this is after the implementation of energy retrofits, increasing efficiency, smart devices, and buildings that include micro power systems. Worldwide, the BCC reported, we will need 2/3 more electricity to switch domestic heating and vehicles to electric.

Over the next decade, we will see massive investments in utilities to keep up with energy demand and, coupled with low interest rates, providers will be able to improve their performance and create value for their shareholders. Electrification of the nation will result in a huge growth curve for electric utility providers, giving savvy investors a chance to grow their portfolios years into the future.

Income Ideas

Yield at a Reasonable Price (YARP) All Prices as of 12/04/2019

IBI (IBG.DB.G 5.5% Dec 31 2021 at $101.03)
IBI is a uniquely positioned architecture, engineering and planning firm that has positioned themselves to be the go to expert for integrating technology into the built world. IBI just reported their Q3 numbers and they had a solid beat on all fronts. The recent acquisition of Aspyr engineering will help them enter some new markets such as health care. The debenture $8.35 is convertible.

Polaris Infrastructure (PIF.DB 7% May 31 2024 at $101) A Canadian founded Latin American renewable power company, Polaris infrastructure has solid cash growth, diversification and recently brought on new projects in Peru adding 28 MW to their product in October 2019. The projects should fully be online by early 2020. The convertible debentures are apart of a recent offering to raise $35 million to fund future acquisition targets, which are believed to be a hydro station outside of Nicuarga.

Inter Pipeline (6.6% Nov 19 2079 $101 callable on Nov 19 2029) Inter Pipeline is a major petroleum transport, storage and natural gas processor based in Calgary, Alberta. They operate 4 business segments in Western Canada and in Europe with pipelines that span over 7,800 KM and transport over 1.4 million barrels p/day. The company also has 23 strategic storage terminals in Europe with capacity for 37 million barrels. Their NGL business can process upwards of 240,000b/d making them one of the largest processors in Canada.

North American Construction Group (NOA.DB.A $100 5% March 31, 2026) is a premier provider of heavy construction and mining services in Canada. With the largest independent fleet, featuring some of the largest machines available, they can respond quickly to changing client requirements. Management has closed on two transformative acquisitions, supplemented those assets with 1 billion in awards, and added 31 new haul trucks to their fleet; creating a strong play on production. The debenture is convertible at $26.25, giving you the ability to participate in the stock's gain.

Alaris Royalty Corp (AD.DB $99.75 5.5% June 30, 2024) Headquartered in Calgary, Alaris provides private companies financing in a range of diverse industries including healthcare, aerospace, home retailing, steel, mining, business services, and fitness. The debenture is convertible at $24.25, giving you the chance to participate in the stock appreciation.

Exchange Income (EIF.DB.K $102.29 5.75% Mar 31st, 2026) is a diversified, acquisition-oriented corporation focused on opportunities in aerospace and aviation services and equipment and manufacturing. The business plan of the company is to invest in profitable, well-established companies with strong cash flows operating in niche markets. Convertible at $49.

Growth Ideas

TOP PICKS

For more ideas visit our Top 20 at www.retirefirst.com

Capital Power (CPX $33.60) is an independent power producer based in Edmonton, Alberta that has interests in 17 facilities across North America generating more than 3200 MW of power. Alberta's recent announcement to maintain the 'energy only market' increases Capital Power's growth potential. Combined with an improving cash flow and a 6% dividend at the current price makes this an intriguing story.

Killam REIT (KMP.UN $19.71) is one of Canada's largest multi-family residential landlords. They have 16,172 apartment suites mostly located in Atlantic Canada, Ontario, and Alberta. The company recently reported their Q3 numbers and saw strong rental growth on their units. The company recently acquired a 359 site resort in Shediac, NB as well as a new property in Fredericton and sold a parcel of land in Edmonton for $4.4 million.

Element Fleet Management Corporation (EFN $11.43) is a monoline fleet management company; one that provides vehicle fleet leasing and management services to companies located primarily in North America, although EFN also has operations in Australia and New Zealand. The company continues to deliver ahead of their profitability targets.

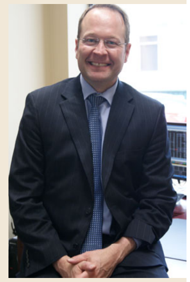
Goeasy (GSY $68.68) is an alternative financial company based in Mississauga, Ontario. It operates in two segments: easyfinancial, which offers high-interest loans to subprime borrowers; and easyhome, which sells furniture and other durable goods on a rent-to-own basis. They recently reported record results for their Q3/19 and the company is well positioned to continue to achieve impressive results going forward.

Fiera (FSZ $11.10) is the third largest publicly traded independent asset manager in Canada and the 9th largest by assets under management. The company has been busy growing through both organic growth and acquisitions including 2 acquisitions and 1 strategic partnership in 2019 so far. With a 8.3% dividend at the current price, Fiera is one to watch.

Dundee Precious Metals (DPM $5.96) is a growing junior gold producer with two mines in Bulgaria and a copper smelter in Namibia. The underground Chelopech mine produces gold in pyrite and copper concentrates, the open pit Ada Tepe gold mine achieved commercial production in early June and design throughput this past quarter . During the third quarter , DPM mines delivered gold production of 65Koz, ahead of analyst expectations and the numbers only reflect a partial contribution from the new Ada mine.

Final thoughts..

LNG in Canada– Where Are We At? By Todd Thiessen

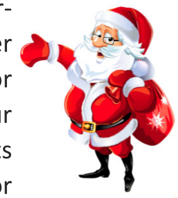


There seems to be a bit of a tectonic shift going on right in front of our eyes…without us seeing it. Globally the "baseload" (minimum level of demand) for natural gas has grown significantly for years and appears to be growing well into the future. Natural Gas, dubbed the "bridge fuel" until alternate cheap sources of fuel are found, is bound to fill in to replace oil. Conversion to natural gas has been occurring for years, resulting in an increase in demand to meet our basic needs. So much so that the USA LNG export capacity has gone from 4.3 BCF/d to 6 BCF/d now and that's only in 7 months. The US LNG companies are also expanding at an unprecedented rate. Canada has talked about West Coast LNG export terminals for years, but where exactly are we at?

5 years ago, there were over 20 LNG plants proposed for Canada. That number is down to probably 4 viable projects today with a 5th possible. LNG Canada ($40 billion Shell consortium) has phase 1 and phase 2 to build over the next handful of years in the Kitimat area. The plant has been approved and construction is underway right now with approximately 1,000 workers, at the peak of construction the project will employee 7,500 workers. The second project is Woodfibre LNG (Squamish), which is expecting a positive final investment decision in the coming weeks. The third project, proposed by Chevron and Woodside, is a $40 billion project the FID is expected in 2022/23. The East Coast has a fourth proposal for Pieridae Energy's Goldboro LNG Project. A potential 5th opportunity looms on the horizon in the form of the Rockies LNG Partners project; which is a consortium of 8-9 Calgary based, Montney focused natural gas players who would like to build their own plant on the West Coast. Since the federal election, all of these projects are moving along; although quietly and under the radar from negative press.

Globally, we are seeing an increase in baseload demand, Japan's LNG prices are stabilized, and the world is focused on a cleaner energy alternative. Canada needs to finish what it started so many years ago and make sure it gets into the global LNG export game and make sure we have our rightful place at the LNG table. There will be an opportunity to participate in the upside of the mega projects once they are entrenched. There should be a consolidation amongst the natural gas producers in the Montney zone such as Birchcliff, Seven Gen, Tourmaline, Advantage etc. etc. What remains to be seen is who will do the consolidating. The service companies will also participate in the form of drilling and service rigs, the frackers, and even the camp companies. Today though, their shares prices are all muted so we shall see where the story will take us.

Spreading the Holiday Spirit



The Retire First staff has participated in the Red Deer Adopt-A-Family program for their 10th year. This year our staff provided Christmas gifts and groceries to a local senior and a family with children. All our staff looks forward to playing Santa for this program each year.

Community Involvement

Carissa and Kate were recently nominated for and won the 'Make it Stop for Life Team Award' from Crohns and Colitis Canada. The award recognizes outstanding volunteers dedicated to supporting researching and improvements in patient care for those affected by IBD. Way to go girls!

Celebrating Our Clients

We would like to take a moment to recognize the 35th anniversary of Doug and his client Jim! A long time client of Doug's, Jim's account has transitioned from all equities to almost 100% fixed income to match the changes in his career and personal life over the last 3.5 decades. Jim is set to officially retire in the New Year and we couldn't be happier for him. Congrats Jim!

The stock market is a device for transferring money from the impatient to the patient– Warren Buffet

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