Advice **Matters**

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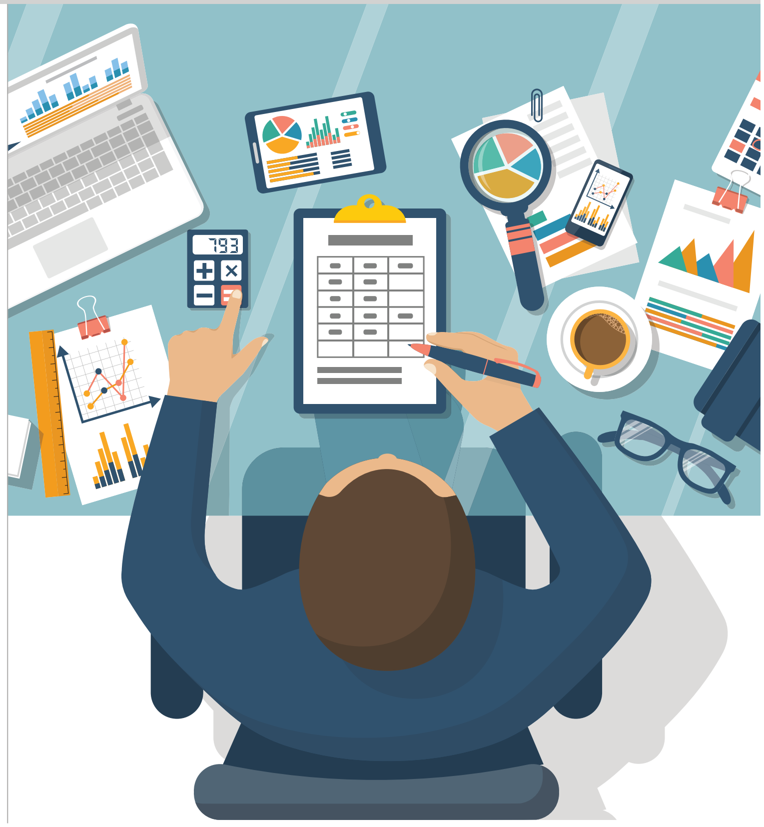
Financial Advice: *More important than ever*



Advisors help their clients choose the right financial strategies and investments – and perhaps most importantly, keep them focused on long-term goals.

by Mark Brisley

Managing Director,
Dynamic Funds

It's getting complicated out there.

Whether it's investing or planning, it's never been more complicated than now.

Think about it.

In the 1980s, Guaranteed Investment Certificates and Canada Savings Bonds were the popular forms of savings for the general public, with some venturing into individual securities. Today, there are over 5,000 mutual funds in Canada, hundreds of index funds, managed funds and exchange-traded funds.

When it comes to planning there often used to be one goal: retirement. Now we find ourselves planning for the purchase of a home, a child's education, a parent's elder care or our own critical illness and disability. An additional layer of complexity comes from today's extended families where there could be second marriages, half-brothers, stepsisters or adopted children.

Against this backdrop, financial advice has become more important than ever. But don't take my word for it. Consider the following research when comparing those who work with a financial advisor versus those who don't:

- Investors who worked with a financial advisor for more than 15 years accumulated 3.9 times more assets compared to those who didn't[1]
- 88% of mutual fund investors say their advisor helped them get better returns[2]
- 76% of investors believe they are better off financially by working with an advisor[3]

As you can see, getting professional financial advice may lead to greater financial security. Advisors help their clients choose the right investments, choose the right financial strategies and perhaps most importantly, define – and stay with – long-term goals.

Now more than ever. ■

[1] Center for Interuniversity Research and Anlaysis of Organizations, 2016.
[2] Canadian Mutual Fund Investors' Perceptions of Mutual Funds and the Mutual Fund Industry, Pollara 2017.
[3] Advocis, The Financial Advisors Association of Canada, Consumer Voice Survey 2015 – Investor Insights on the Financial Advice Industry, November 2015.

SPOTLIGHT

Making the most of your advisor relationship

A financial advisor can be instrumental in helping you to prioritize and reach your financial goals. We've provided some guidance to help you take full advantage of having an advisor on your side.

IT ALL STARTS WITH A PLAN

First things first: Gauging your financial health

Before you meet with your Scotiabank advisor, it's best to have a clear understanding of your financial picture. Performing a financial self check-up will provide critical insight into how an advisor can best meet your unique needs. Here are a few key steps to get started.

1. Calculate your net worth
Itemizing all your assets and liabilities is an important step in assessing your financial health and reaching your goals.

2. Establish a budget
Where does all your money go? While most of us have a pretty clear sense of our income, tracking spending can often be a daunting task. To help you get started, visit scotiabank.com and take advantage of the **Scotiabank Money Finder Calculator.** The knowledge gained will provide a new perspective on your finances.

3. Determine your financial goals
Are you saving for retirement, buying a first home or perhaps funding your child's education? The financial plan that you build with your advisor will be determined by your unique goals and stage in life.

5 TIPS FOR BUILDING A STRONG ADVISOR RELATIONSHIP

Prepare for each meeting. In order to make the most of your advisor meetings, it's essential to do your homework beforehand. Take some time before each meeting to review your investment objectives and bring along topics for discussion. Remember to bring all relevant paperwork, including recent account statements, budget plans and any relevant tax forms.

Don't be afraid to ask questions. It's important that you understand the investments your advisor recommends and how they serve your financial plan. If you have any concerns or don't understand something, ask for clarification. Your Scotiabank advisor is always open to your questions.

Become an informed investor. Building a relationship with your advisor requires some effort. Make sure you read documents that you receive about potential investments and take an active interest in your portfolio. Your Scotiabank advisor will direct you to helpful resources to help build your knowledge base. **Scotiabank's Understanding fees and expenses** website is a great resource to help investors understand the costs associated with investing.

Stay involved. Get in the habit of staying on top of your investments by keeping a file of your account statements, tax slips and any other related documents. Take some time to review your statements when you receive them. If you have any concerns or questions, contact your advisor.

Keep your advisor in the loop. It's critical that you keep your advisor informed about changes in your personal or financial circumstances. Major life changes – such as marriage, the birth of a child, divorce or the death of your spouse – can profoundly impact your financial outlook. Keep your advisor updated so that he or she can make any necessary adjustments to your financial plan.

As in any relationship, open and honest communication is key. Think of your relationship with your advisor as a partnership, with both of you taking an active role to reach your financial goals. By taking this approach, your Scotiabank advisor can provide you with the knowledge, support and motivation that can help you reach your financial goals with confidence. ■

FINANCIAL PLANNING

Your guide to RESPs

Chances are your child will seek some form of post-secondary education – be it community college, university or an apprenticeship. This will come at a potentially high cost.

A Registered Education Savings Plan, or RESP, is a popular way to set aside money for your child's or grandchild's education and allow it to grow tax-deferred until you need it to pay for school.

RESPs 101

How much can I contribute?	You can make contributions of up to a lifetime maximum of $50,000 per beneficiary.
What type of RESPs are available?	You can choose: • A family plan to pool contributions for one or more children in the same family until age 31. • An individual plan to name one beneficiary without age or relationship restrictions (it can even be yourself).
Are my contributions tax deductible?	Contributions are not tax-deductible, but the investment income earned within the plan is tax-deferred until withdrawn. Investment income and grants are taxed in the hands of the beneficiary when funds are withdrawn as an **Education Assistance Payment (EAP)**.
How can I make contributions?	You can deposit a lump sum or arrange to have Pre-Authorized Contributions (PAC) taken from your bank account on a regular basis. Check out the **Scotiabank RESP Reality Check** online tool to learn more.
What if my child (beneficiary) decides not to pursue a post-secondary education?	You have several options: • You can name another beneficiary, if certain conditions are met. • You can make a tax-free withdrawal of your original contributions, but any grants and bonds received must be returned to the government. Investment income may be withdrawn. • You may be able to transfer up to $50,000 of the investment income, tax-free to your Registered Retirement Savings Plan (RRSP) or your spousal RRSP* if there is enough contribution room available. * Some conditions apply. Speak with your Scotiabank advisor for more details.

Did you know?

Tuition for Canadian full-time undergraduate students, on average, **increased to $6,838 in 2018/2019**, reflecting an **increase of 3.3%** from the previous academic year.[1]

The cost of education in Canada is rising, and estimates suggest that the average tuition cost of a four year university degree for a student graduating **in 2029 will climb to $36,068.**[2]

[1] Statistics Canada (2018).
[2] Figure reflects tuition costs only and excludes living costs, compulsory fees and other costs. Assumes a 3.3% annual increase in the average cost of tuition.

More than half (56%) of Canadian parents have not taken advantage of various grants available within an RESP[3]

Federal Government Incentives available[4]

- The Canada Education Savings Grant (CESG) matches 20% on the first $2,500 of your eligible contributions each year. Receive up to $500 per year per beneficiary under 18[5] to a maximum of $7,200.
- Depending on your net family income, you could also receive an additional CESG, of 10% or 20% on the first $500 contributed each year, up to $100 per year per beneficiary under 18[5] towards the maximum lifetime CESG of $7,200.
- Children who were born on or after January 1, 2004 and whose net family income is less than $46,605, may receive the Canada Learning Bond (CLB) which offers a $500 initial deposit, then $100 per year until the eligible beneficiary reaches 15 years of age, to a maximum of $2,000[6]. You do not have to contribute to your RESP to apply for or receive the CLB.

A Scotiabank advisor can help determine which grants and incentives apply to you and arrange to have the government automatically deposit them to your RESP where applicable.

[3] Ipsos Poll conducted between August 3 and 15, 2017. https://www.ipsos.com/en-ca/news-polls/canada-parents-RESP-knowledge-first-financial
[4] Conditions apply to all government incentives. Please ask us for details.
[5] Until December 31st of the year the beneficiary turns 17. Restrictions apply.
[6] The Canada Revenue Agency determines eligibility.

Saving for your child's post-secondary education may seem daunting, but your Scotiabank advisor can help you understand your investment options so you can make an informed decision based on your unique financial situation. To learn more or to open an RESP, talk to your Scotiabank advisor today.

INVESTOR EDUCATION

Preparing for post-secondary education

A survival guide for parents and students

When it comes to funding post-secondary education, parents and their teenaged children need to have a financial plan in place that addresses everything from tuition costs and financial aid to money management for students.

5 Tips for Parents

1 *Do your homework*

Parents need to assess their finances in order to establish which colleges and post-secondary programs are within the family's budget and whether or not they'll need to pursue financial aid. Is there a Registered Education Savings Plan (RESP) already in place? If so, great; if not, there might still be advantages to setting one up – talk to your Scotia advisor for more information.

2 *Game plan with your family*

Open and effective communication is essential when it comes to planning for college or university. Make sure your children understand all the costs involved and if they will be playing a role in helping to fund their education – whether that means taking on student loans or part-time work during their schooling.

3 *Look for free money*

Scholarships, grants and bursaries are types of financial assistance that you don't have to pay back. Scholarships are typically based on merit, while grants and bursaries usually take financial need into consideration as well. Check with your child's prospective school to find out what you could be eligible for and visit sites like **www.scholarshipsCanada.com** to explore available funds.

4 *Explore government loans*

If available scholarships and financial aid can't cover all your funding gaps, it might be necessary to consider a student loan. For more information, visit the Government of Canada Student Financial Assistance website **www.canlearn.ca**. Speak with a Scotiabank advisor about other options available like a student line of credit.

5 *Be realistic*

You want your child to have the best possible education to ensure a successful start in life. However, it's important not to put your own finances at risk to fund your child's schooling. Be willing to explore other money-saving options, such as living at home instead of living on campus. ■

6 Money-Management Tips for Students

Many university students run short of funds before the end of their school semester. Here are some tips to help ensure you spend your money wisely.

1 *Track your spending*

Where does all your money go? One way to find out is by writing down everything you spend money on – from textbooks and tuition to takeout food and lattes. You'll be surprised at how little expenses add up. Learning how to budget is an essential skill for students to master as they begin life away from home.

2 *Use cash*

Studies have shown that using cash instead of a debit or credit card can reduce discretionary spending. While tapping your card is quick and easy, it can contribute to unnecessary expenses.

3 *Avoid buying new textbooks*

Purchasing textbooks can take a big bite out of your budget. Explore the various options such as e-versions or renting textbooks online.

4 *Consider online classes*

Online classes are an extremely cost-effective way to catch up in order to graduate on time – or even early. Avoiding an extra year (or even semester) of tuition, room and board, could be a financial lifesaver.

5 *Late riser? Change your meal plan.*

If you never make it down to breakfast, then don't buy the school's three-meal plan. Opting for the two-meal plan could save you hundreds of dollars each semester.

6 *Consider refinancing school debt*

Government loans don't always offer the best terms. Always be on the lookout for opportunities to refinance your university debt at more favourable rates. Speak with a Scotiabank advisor to find out what options are available. ■

MARKET INSIGHTS

Market Recap

Corporate earnings boost U.S. equities.

Despite a busy month of trade-related headlines, the S&P 500 rose in July, boosted by advances in Information Technology stocks and gains in the Industrials sector. Investors broadly shifted focus away from trade uncertainty to encouraging corporate earnings reports. The tech-heavy NASDAQ Composite Index also hit a record high for the month, on the back of gains in Amazon and a rebound in Netflix following strong quarterly earnings announcements.

Plummeting Turkish lira drags Emerging Markets lower.

U.S. President Donald Trump announced steep tariffs on Turkish steel and aluminum in August, following an impasse during negotiations to free a detained American preacher. The news caused the Turkish lira to plummet, dragging global equity markets down with it. European equities fell, as investors feared a lower lira and a potential economic crisis in Turkey that could spread to other areas of Europe. Fears surrounding Turkey hit emerging market equities particularly hard, with the MSCI Emerging Markets Index down 2.68% for the month.

Trans Mountain decision deals a blow to Canadian equities.

The S&P/TSX Composite Index fell in August, in part due to declines in the Energy sector following news that the Trans Mountain pipeline approval was overturned by Canada's Federal Court of Appeal. Shares of Canadian oil producers, which are especially hurt by price discounts connected to clogged pipelines, were down the most on the news.

North American Trade Deal Materializes.

At the eleventh hour, the U.S., Mexico and Canada reached a new trilateral trade deal during North American Free Trade Agreement (NAFTA) negotiations before the October 1 deadline imposed by U.S. President Trump. The new deal – named the United States-Mexico-Canada Agreement (USMCA) – comes after more than a year of contentious negotiations. The resolution of the trade dispute is a market positive. At the margin, declining trade uncertainty is supportive of a more trade sensitive Canadian dollar and the profitability of Canadian companies is under less direct threat from the potential for higher import costs. ■

MARKET PERFORMANCE (YTD Returns in local currency as at September 28, 2018). Source: Bloomberg

FTSE Canada Universe Bond Index	S&P/TSX Composite Index	S&P 500 Index	MSCI World Index	MSCI Emerging Markets Index
▼-0.96%	▼-0.56%	▲7.71%	▲5.10%	▼-1.00%

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