

# Déjà Vu All Over Again – History Does Not Repeat Itself, It Rhymes



WEALTH MATTERS

As part of our November 2, 2016 Wealth Matters webcast, we heard from **Richard Jenkins**, Chairman and Managing Director of Black Creek Investment Management. His presentation, summarized on this page, provided an update on Black Creek's current positioning of its global portfolios. Please see the reverse for highlights of the other half of the webcast, in which Camille Jordaan, Regional Vice-President, Wealth Planning at Assante Private Client, discussed planning for the disabled beneficiary.

## Black Creek Investment Management Inc.

- Founded in 2005 by Bill Kanko; manages \$6.8 billion in assets
- The firm's portfolio managers have over 120 years of combined global experience
- Black Creek builds concentrated portfolios of companies that represent our unique insights and proprietary ideas

## Our philosophy

- Long term – take a fundamental, long-term approach to managing global equities
- Act like business owners – treat each investment as though we are buying the entire business
- Independent thinking – strive to develop a unique viewpoint on a company
- Our portfolios are anywhere from 98-99% active share (the percentage of a fund's portfolio that differs from the index)

## Our investment process

1. Identify opportunities: Idea generation from a variety of sources following extensive travel and industry consultation
2. Conduct further research: Meetings with management, engage industry experts and consultants, identify sustainable competitive advantage.
3. Detailed valuation: Including 10-year recessionary discounted cash flow, return on invested capital, long-term return potential.
4. Investment decision: Must elicit a high level of conviction and add to portfolio diversification.

## 2016 issues

- The issues we're seeing in 2016 were similar to the issues of 1997-1998
- The European economy is the world's largest single economy – bigger than China, and North America – and has turned a corner by trending upwards in economic performance
- The U.S. economy has strengthened, with unemployment at low levels
- Emerging markets are slowing down, as is China
- South America is recovering from a commodity-led recession
- An onslaught of new technologies being brought to market
- Commodities have stabilized in terms of supply and demand, albeit at low levels.

Sept 30, 2016	Top 10 holdings = 46.4% of fund total Same holdings = 0.51% of MSCI EAFE Index			
Company	Business description	Country	MSCI EAFE* %	Fund %
 银河娱乐集团	Galaxy Entertainment Group is one of Asia's leading developers and operators of integrated entertainment and resort facilities.		0.08%	5.9%
 Wienerberger	Wienerberger is the world's largest producer of bricks and Europe's largest producer of roof tiles.		0.00%	5.0%
 ICICI Bank	ICICI Bank is India's largest private sector bank		0.00%	5.0%
 Capgemini	Cap Gemini SA is one of the world's largest consulting, technology and outsourcing companies with 180,000 employees in over 40 countries.		0.12%	4.8%
 HEIDELBERGCEMENT	HeidelbergCement is one of the world's largest building materials companies.		0.11%	4.6%
 ACCOR HOTELS	Accor SA is a hotel operator. The Company has approximately 480,000 rooms in 3,700 hotels across 14 international brands in 92 countries.		0.05%	4.6%
 CARNIVAL CORPORATION & PLC	Carnival is the world's largest cruise ship operator.		0.07%	4.4%
 galp energia	Galp Energia is Portugal's oil and natural gas integrated operator.		0.05%	4.2%
 DIA	DIA is one of the world's leading specialist discount food retailers.		0.03%	4.1%
 ANTA	Anta Sports Products Limited is a branded sportswear company in China. It is in the business of designing, developing, manufacturing and marketing sportswear.		0.00%	3.8%

Black Creek International Equity Fund as at September 30, 2016

\*iShares MSCI EAFE ETF (EFA) as at September 30, 2016

# Planning for the Disabled Beneficiary



*A disabled beneficiary, either mentally or physically, often has special needs across many areas, and estate planning is no exception. During the Wealth Matters webcast, **Camille Jordaán**, Regional Vice-President, Wealth Planning at Assante Private Client, discussed four estate planning tools that provide asset protection and tax minimization for disabled beneficiaries.*

## Four estate planning tools for parents, grandparents or caregivers with a disabled beneficiary

### 1. Registered Disability Savings Plan (RDSP)

- Introduced by the federal government in 2007 as a savings plan intended to help parents and other persons save for a disabled beneficiary's long-term financial wellbeing
- Beneficiary must qualify for the Disability Tax Credit for an RDSP to be opened
- Funds must be contributed before beneficiary reaches age 60 (with lifetime contribution limit of \$200,000 per beneficiary)
- Contributor can roll Registered Retirement Savings Plan (RRSP) assets into an RDSP (if contribution room is available)
- Contributions are not tax deductible but they can grow inside the RDSP on a tax-deferred basis
- On beneficiary's death, the plan terminates and the remaining balance rolls into beneficiary's estate

### 2. Qualified Disability Trust (QDT)

- A relatively new type of plan established through a will (i.e., will take effect following the death of the contributor)
- Beneficiary must qualify for the Disability Tax Credit for a QDT to be established
- Only one QDT is allowed per individual – must coordinate planning with parents, grandparents, etc.
- Recovery tax on exit – remainder distributed after beneficiary's death to non-disabled beneficiary

### 3. Lifetime Benefit Trust (LBT)

- Beneficiary (can be child or grandchild but can also be a spouse or common-law partner) must suffer from a mental infirmity in order to establish the trust
- May be helpful to contributors with substantial amounts in their RRSP/RRIFs that exceed RDSP limits
- Trust terms required:
  - No one other than the beneficiary (the disabled person who is the child or grandchild of the deceased) may, during his or her lifetime, receive or otherwise obtain the use of the income or capital of the trust
  - The trustee will have the authority and discretion to disburse amounts to the beneficiary
  - The trustee must, in distributing funds to the beneficiary, consider his or her particular needs
  - Trust becomes the annuitant of a "qualifying trust annuity" purchased with the RRSP or Registered Retirement Income Fund (RRIF) funds

### 4. Henson Trust (not available in every province)

- Purpose of trust is to avoid assets vesting in the beneficiary to ensure eligibility for government disability benefits
- Trustee has full discretion over trust funds which means trust assets are not vested in beneficiary
- Trust income to be accumulated within the trust for allowable period
- On beneficiary's death, assets from trust are paid to contingent beneficiary.

## Your Assante advisor is available to help

If you have questions regarding planning for a disabled beneficiary, talk to your advisor for assistance.

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