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I N T H I S I S S U E

What *should* be in the budget 1

Ryan Irvine likes Parkland 2

Ryan Irvine updates Sylogist, Questor 3

Gordon Pape updates Alphabet, AbbVie, Archer Daniels Midland, Simon Property Group 5

Gavin Graham updates Scotiabank 7

Your Questions: Where to invest? 8

Housekeeping 8

B U I L D I N G W E A L T H

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WHAT *SHOULD* BE IN THE BUDGET

By Gordon Pape, Editor and Publisher

The upcoming Federal budget will be the most important we've seen in years.

Not only is it the last one before the fall election, but Finance Minister Bill Morneau faces a range of serious problems that must be addressed.

The economy is slowing down – the Bank of Canada just cut its growth forecast for this year to 1.7%. Last year's U.S. tax cuts mean Canada has lost its competitive edge to attract foreign investment. Productivity gains remain an on-going frustration.

Now two prominent Canadian think tanks are warning Ottawa to back off its deficit spending or risk doing serious harm to the country's finances.

Vancouver's Fraser Institute issued a bulletin on Thursday warning that 2019-20 projected deficit of $19.6 billion could automatically increase to as much as $34.4 billion if Canada enters a recession this year.

"By running deficits during a period of economic growth, there is a real risk the country's finances will deteriorate rapidly when the next recession hits," said Jason Clemens, executive vice-president of the Fraser Institute and co-author of *What Happens to the Federal Deficit if a Recession Occurs in 2019?*

As things stand right now, the Liberal government has indicated no intention to balance the budget for the foreseeable future. This policy could end up producing tremendous strains on Canada's finances if the economy tanks, the authors conclude.

The bulletin finds that the 2019/20 deficit could increase from its current expected level of $19.6 billion to anywhere between $28.2 billion to $34.4 billion, depending on the severity of the next recession. In addition, the five-year accumulated deficit from 2019/20 to 2023/24 could increase from its current budgeted level of $76.8 billion to between $114.6 billion and $142.3 billion (an increase of between $37.8 billion and $65.5 billion).

The authors don't explore the broader implications of such a dramatic increase in the deficit, but it would certainly be bad news for the stock market and for the value of the Canadian dollar. The last time we got

Continued on page 2…

Budget – continued from page 1…

into such a deep hole, back in the 1990s, Canada's credit rating was cut and there was serious talk that the country would have to be bailed out by the International Monetary Fund. Only drastic action by Prime Minister Jean Chretien and Finance Minister Paul Martin pulled the country out of its tailspin.

On the same day as the Fraser Institute released its bulletin, Toronto's C.D. Howe Institute published its Shadow Federal Budget for 2019. The report, by CEO William B.P. Robson and Research Director Alexandre Laurin, says Ottawa could balance its budget in 2023/24 "by using greener, more growth-friendly taxes, containing federal operating costs, and still have room to enhance Canadians' opportunities to work, save, and retire securely".

The C.D. Howe analysis, which is more detailed than the Fraser Institute bulletin, makes many recommendations for Finance Minister Bill Morneau to consider.

Among them: reducing the corporate income tax rate to make Canada more attractive to international investors; reduce "punitive" personal income tax rates; raise the GST to 15% on transportation fuels as a means of encouraging Canadians to look for green energy alternatives; tax foreign providers of digital content; eliminate mandatory drawdowns from RRIFs; unilaterally eliminate all tariffs on imports; and more. The full report can be read at www.cdhowe.org.

"Ottawa has embraced red ink and undermined its ability to resist spending demands from its would-be beneficiaries and those who advocate living for today," the study says.

"This Shadow Budget would improve tax competitiveness in the near term and lay the groundwork for a much-needed modernization of the tax system in the medium term. It would enhance educational, labour market, and retirement opportunities for Canadians. It would foster economic growth by facilitating international trade, investing in core federal infrastructure, and by removing regulatory obstacles and red tape. And, critically, it would improve fiscal accountability, contain spending and restore fiscal sustainability. It is the fiscal leadership Canadians need in 2019 and beyond."

I agree fully with the direction of both these studies. Canada needs to come to grips with its rising deficits, its decline in global competitiveness, and a tax system that is long overdue for an overhaul. Let's hope Mr. Morneau decides to address these issues in a serious way when he brings down his budget.

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RYAN IRVINE LIKES PARKLAND

Contributing editor Ryan Irvine joins us this week with a new pick and two updates. Ryan is the CEO of KeyStone Financial (www.KeyStocks.com) and is one of the country's top experts in small caps. He is based in the Vancouver area. Here is his report.

Ryan Irvine writes:

I'm adding a new company to my recommended list this week, Parkland Fuel Corporation. It trades in Toronto under the symbol PKI and over-the-counter in the U.S. as PKIUF. Here are the details.

Background: Headquartered in Calgary, Parkland is Canada's largest and one of North America's fastest growing independent marketers of fuel and petroleum products. The company delivers refined fuels and high-quality petroleum products through three channels: Retail Fuels, Commercial Fuels, and Supply and Wholesale.

It is Canada's second largest convenience store operator, delivering competitive product offerings to customers in the retail segment. As well, it owns the Parkland Burnaby Refinery and maintains a portfolio of supply relationships, storage infrastructure, and third-party rail and highway carriers to ensure security of supply.

Performance: The stock hit a 52-week high of $47.45 in October but then went into a slump that took it below $33 in late December. It has since recovered some ground. In the past 12 months the shares gained 34%.

Recent developments: On Oct. 10, the company announced that it has entered into an agreement to acquire 75% of SOL Limited for a price of US$1.21 billion. SOL is the largest independent fuel marketer and convenience store operator in the Caribbean region, with more than 4.8 billion liters of annual volume and approximately US$215 million (approximately C$280 million) in estimated adjusted EBITDA.

Continued on page 3…

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Ryan Irvine's updates – continued from page 2…

The company identified annual run-rate synergies of approximately 20% of SOL's adjusted EBITDA over the next three years. The transaction is expected to be immediately accretive to Parkland's distributable cash flow per share by approximately 17% (pre-synergies).

This deal provides PKI with global supply advantages to benefit existing and future business opportunities. It also gives the company an improved platform for further acquisition and expansion opportunities through the Americas.

The deal closed on Jan. 8.

Fair value assessment: PKI's fair value assessment has been increased to $52.20 per share (from $45) based on a justified valuation multiple of 14.5 times our revised 2018 adjusted distributable cash flow estimate of $3.60.

Risk: A key risk is volatility in refiner's margins (which remain strong currently). Further expansion (such as with the SOL acquisition) diversifies the company and mitigates the impact of volatility in any one segment or region of the overall business.

Dividend: The shares pay a monthly dividend of $0.0978 ($1.1736 per year) to yield 3.2% at the current price.

Conclusion: This is a transformational acquisition that expands the company's presence into the Caribbean market and makes it the largest independent fuel distributor in the region. PKI has been in an expansion mode over the past year, completing two acquisitions at the end of 2017, two additional acquisitions in the U.S. market in 2018, and now the purchase of SOL Limited.

Looking forward, the company expects to immediately deliver 17% growth in distributable free cash flow per share from the SOL transaction, not including significant synergies over the next three years. PKI continues to expect $180 million in synergies from the previously completed Chevron and Ultramar acquisitions by 2020.

We anticipate further acquisitions in the North American (and potentially South American) market, given the improved supply advantage and platform that the SOL transaction provides.

The base business continues to perform well with a strong trend of organic growth in convenience store sales from the retail gas station segment.

Action now: Buy Parkland Fuel Corp. The shares closed on Friday at C$37.18, US$27.97.

RYAN IRVINE'S UPDATES

Sylogist Ltd. (TSX-V: SYZ, OTC: SYZLF)

Originally recommended Sept. 18/17 (#21734) at C$8.83, US$6.90. Trading Friday at C$11.70, US$9.95.

Background: Sylogist is a technology innovation company which, through strategic acquisitions, investments, and operations management, provides intellectual property solutions to a wide range of public sector customers.

The company publishes mission-critical software products that satisfy the unique and sophisticated functionality requirements of public sector entities, non-profit organizations, educational institutions, government agencies as well as public compliance driven and funded businesses. Sylogist delivers highly scalable, multi-language, multi-currency software solutions, which serve the needs of an international clientele.

Performance: The stock was recommended in September 2017 at C$8.83. It hit a high of $14.76 in November but then pulled back to the current level. The shares are up about 20% in the past year.

Recent developments: On Jan. 17 the company announced its financial results for the fiscal year ended Sept. 30, 2018. Here are the highlights.

- Revenues were $38.2 million, compared to $32.9 million, up 16%.
- Gross profit margins improved to 73% of revenue, compared to 71%.
- Earnings were $13.2 million ($0.59 per share) compared to $7.2 million ($0.32 per share) last year, an 84% increase.
- Recorded a gain of $2.7 million from a bargain purchase associated with the K12 Enterprise and Sunpac Systems acquisition.

Continued on page 4…

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Ryan Irvine's updates – continued from page 3…

- Adjusted EBITDA was $17 million ($0.76 per share), compared to $13.4 million ($0.59 per share), an increase of 29%.
- Cash from operating activities (before non-cash changes in working capital) was $15.7 million ($0.70 per share), compared to $11.5 million ($0.51 per share), an increase of 36% and a per share increase of 37%.
- Cash as at Sept. 30 totalled $31.4 million. Sylogist has no debt.
- The company paid regular and special dividends to shareholders totalling $8.3 million in fiscal 2018, compared to $7.5 million in fiscal 2017.

Dividend: In November, the company raised the quarterly dividend by almost 19% to $0.095 ($0.38 per year). The stock yields 3.2% at the current price.

Valuation and fair value assessment: Based on the last 12 months, Sylogist has a trailing EV/EBITDA valuation of 13.15. This is a significant discount to peers. EBITDA growth slowed in the fourth quarter to 5%. Management has given little specific guidance for 2019 that beyond saying that the dividend increase "speaks to the growth opportunities we envision in fiscal 2019 and beyond. The outlook, given our solid foundation and strategic focus on near term organic and non-organic growth initiatives remains very positive."

Our current fair value assessment remains at $14.75, which is based on a justified price-to-2019 EBITDA of 16 plus the $1.41 per share in net cash.

Action now: We maintain our long-term Buy rating.

Questor Technology Inc. (TSX-V: QST)

Originally recommended on Dec. 3/18 (#21842) at $3.51. Closed Friday at $4.18.

Background: Questor was founded in 1994. It is headquartered in Calgary, with field offices located in Grande Prairie, Alberta; Brighton, Colorado; and Brooksville, Florida.

The company is active in Canada, the United States, Europe, and Asia and is focused on clean air technologies that safely and cost effectively improve air quality, support energy efficiency, and provide greenhouse gas emission reductions.

Questor designs, manufactures, and services high efficiency waste gas combustion systems as well as power generation systems and water treatment solutions utilizing waste heat. The company's proprietary incinerator technology is utilized worldwide in the effective management of methane, hydrogen sulphide gas, volatile organic hydrocarbons, hazardous air pollutants, and BTEX gases, thus ensuring sustainable development, community acceptance, and regulatory compliance.

Questor and its subsidiary, ClearPower Systems, provide solutions for land fill biogas, syngas, waste engine exhaust, geothermal and solar, and cement plant waste heat. In addition, it is involved in a wide variety of oil and gas projects in Canada, the United States, the Caribbean, Western Europe, Russia, Thailand, Indonesia, and China.

Performance: The stock closed Friday at $4.18, up 19% in the two months since it was recommended.

Recent developments: On Jan. 7 Questor announced that it had received a purchase order to supply the company's clean combustion incineration technology with its power generation equipment at three oil and gas production facilities in Mexico comprising a total project award amount of $5.8 million. This is very positive for the company.

This follows the November publication by Mexico of provisions that establish the prevention and comprehensive control of methane emissions from the oil and gas industry. The rules are applicable to both new and existing installations for the projects in which the following activities are carried out:

- The exploration and extraction of hydrocarbons.
- The treatment, refining and storage of oil.
- The processing, compression, liquefaction, decompression, and regasification, as well as transportation by pipeline, storage, and distribution of natural gas.

Ultimately Mexico has targeted methane reduction as part of its environmental objectives to reduce emissions by up to 75% by 2025. Operators who do not comply with new, strict emissions regulations will be subject to fines and are at risk of having oil production shut in.

Questor's emissions control technology will ensure operating compliance under the new targets. The company's incineration system destroys in excess of 99.99% of methane, volatile organic compounds, and other hazardous pollutants. Additionally, under this contract, Questor will utilize the thermal energy in the combusted waste gases to generate power that will be used at the oil and gas facilities. Mexico's environmental regulations also reward companies who can harness benefits from associated gas, such as the generation of power.

Continued on page 5…

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Ryan Irvine's updates – continued from page 4…

The $5.8 million purchase order appears to be a result of Questor's technology leadership and the new Mexican general provisions announced in early November. While it is early days and Questor has reported significant contracts in other markets in the past (China) with little follow on, it does appear Mexico may be a potential growth market for the company.

Questor acquired ClearPower Systems (CPS) on Jan. 31, 2014, and it will collaborate closely with CPS to integrate three organic rankine cycle (ORC) power generation systems with three of Questor's clean combustion incinerators. With Mexico's environmental regulations and aggressive emissions targets, Questor anticipates significant interest in its unique and efficient solutions to reduce methane and eliminate harmful emissions.

The company delivered strong results in the third quarter. Revenue, earnings, and cash-flow tracked consistently with the first half of the year. Questor remains on pace for 2018 to be another record revenue and earnings year.

Risk: Given it operates within an industry driven by highly volatile energy prices, Questor holds above average risk. On the plus side, the company possesses a strong balance sheet with $7.84 million ($0.28 per share) in cash and no long-term debt.

Crude oil had dropped over 42% since its early October highs by the third week of December to the US$43 range. While it has recovered to the US$50 range, the drop is a near-term negative for energy industry activity.

If energy prices move higher or stay in the current range and the regulatory environment is supportive, the growth will likely continue. If neither is the case, despite great products and a good strategy from management, demand will suffer, and the stock will follow.

Dividend: The stock does not pay a dividend.

Conclusion: Near term, the company appears to be positioned for reasonable growth and is set to report record numbers for 2018. On a trailing (last 12 months) basis, the company earned $6.67 million ($0.25 per share) and trades at 17 times earnings, which is a discount to the market.

We estimate the company grew earnings per share in 2018 to the $0.28-$0.29 range with EBITDA per share in the $0.46-$0.48 range. As a result, our fair value of $4.70 is based on a 16.5 times price to earnings multiple. The company continues to grow its rental unit fleet after a pause in the third quarter and we expect reasonable growth in 2019. We will reevaluate following the release of fourth-quarter results and management's revised outlook.

Action now: The stock is a Buy but only for aggressive investors.

GORDON PAPE'S UPDATES

Alphabet Inc. (NDQ: GOOGL)

Originally recommended on June 16/14 (#21421) at $607.40. Closed Friday at $1,102.38. (All figures in U.S. dollars.)

Background: Alphabet is the umbrella company that includes Google and a variety of other entities. The firm implemented a major restructuring in 2015 that created Alphabet as a holding company with several autonomous business segments under it. Besides Google (which includes Android and YouTube) the company owns Nest (home automation), Calico (anti-aging research), Fiber (high-speed Internet), Google Ventures (new company investments), Sidewalk Labs (city infrastructure), and Waymo (driverless cars).

Share split: The stock split 2 for 1 shortly after we recommended it. If you owned 100 shares at that time, you now have 100 each of GOOG (non-voting C shares) and 100 of GOOGL (voting A shares). We track only GOOGL but in fact your profit is much more than shown here because GOOG trades at only a small discount to GOOGL (it closed Friday at $1,095.06).

This means that if you bought 10 shares at the time of the original recommendation for a cost of $1,214.79 (total $12,419.79), your GOOGL shares are now worth $11,023.80 while your GOOG shares are valued at $10,950.60. That totals $21,974.40, for a gain of 77% since the original recommendation.

Performance: GOOGL hit a high of $1,291.44 back in July. It then began a downtrend that pulled it as low as $977.66 on Dec. 24. It rallied back but the shares were hit after investors were disappointed by last week's financial statements.

Recent developments: Alphabet released its fourth-quarter and year-end results on Feb. 4. Revenue and

Continued on page 6…

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Gordon Pape's updates – continued from page 5…

earnings surpassed analysts' estimates, yet the stock sold off. What happened?

First, let's look at the numbers. Revenue for the three months to Dec. 31 came in at $39.3 billion, an increase of 22% from $32.3 billion in the same period of 2017. Net income was $8.9 billion ($12.77 per share) compared to a loss of $3 billion (-$4.35 per share) the year before.

For the full year, revenue was $136.8 billion, up 23% from $110.9 billion in 2017. Net income was $30.7 billion ($43.70 per share, fully diluted). That compared to $12.7 billion ($18 per share) in the prior year.

Those numbers look pretty good so why were investors spooked? One word: spending. Costs for the full year were up 30% over 2017 to $110.5 billion as the company poured money into marketing and research and development. Fines from the European Union also hit hard, to the tune of over $5 billion.

The higher costs drove down the fourth-quarter operating margin to 21% compared to 24% the year before.

Dividend: The stock does not pay a dividend.

Action now: Buy. Investors who sold on the news may turn out to be disappointed. As Vitaliy Katsnelson pointed out last week, quarterly earnings reports should not be a prime focus. Rather, we should be looking at long-term results, such as Apple's big R&D investment in the iPhone. We don't know if Alphabet's R&D spending will pay off in the same way but, given the company's track record, it would be unwise to bet against it.

AbbVie Inc. (NYSE: ABBV)

Originally recommended on April 3/17 (#21714) at $65.16. Closed Friday at $79.67. (All figures in U.S. dollars.)

Background: AbbVie Inc. is a biopharmaceutical company that was spun out of Abbot Laboratories in 2013. It's an international giant, employing 30,000 people in 75 countries, with 21 research and manufacturing facilities in the U.S., Europe, and Asia. Its research and development work includes oncology, immunology, virology, and neuroscience.

Performance: The stock was recommended in early April 2017 at $65.16. It languished for a while but then took off and I advised selling half your position for a gain of 43% in November 2017. The shares moved as high as $122 in February 2018 but have been trending down since. They hit an intra-day low of $75.77 in late January.

Recent developments: Fourth-quarter earnings and revenue were below expectations and the forward growth projection was disappointing.

Fourth-quarter revenue came in at $8.3 billion, up from $7.7 billion for the same period last year, an increase of just under 8%. For the full year, revenue was $32.8 billion compared to $28.2 billion in 2017, an increase of 16%.

But fourth-quarter earnings disappointed, with the company showing a net loss of $1.8 billion ($1.23 per share) compared to a small profit of $52 million ($0.03 per share) the year before.

For the full year, earnings were $5.7 billion ($3.66 per share), up 7.5% from $5.3 billion ($3.30 per share) in 2017. Adjusted earnings per share for 2018, which strip out one-time costs and adjustments, came in at $7.91.

The company said it expects to deliver adjusted earnings of between $8.65 and $8.75 per share in 2019, however that excludes $1.26 per share of intangible asset amortization expense, non-cash charges for contingent consideration adjustments, and other items. When those costs are accounted for, adjusted net earnings for this year are expected to be lower than 2018.

Dividend: AbbVie raised its dividend by 11.5% last month to $1.07 per quarter ($4.28 annually). The stock yields 5.4% at the current price.

Action now: Hold. We've already taken a nice capital gain on this stock and the yield is very attractive. Let's see where it goes from here.

Archer Daniels Midland (NYSE: ADM)

*Originally recommended on Sept. 10/18 **(#** 21832) at $49.31. Closed Friday at $41.76. (All figures in U.S. dollars.)*

Background: Headquartered in Chicago, ADM is one of the world's largest agricultural processors and food ingredient providers. It has approximately 32,000 employees serving customers in more than 170 countries. It has approximately 450 crop procurement locations, 270 ingredient manufacturing facilities, 46 innovation centres, and an extensive crop transportation network.

Performance: The shares hit a 52-week high of $52.07 shortly after they were recommended but then fell all the way to $39.16 in December before staging a modest rally.

Recent developments: Fourth-quarter revenue and earnings came in below analysts' forecasts. Revenue for the quarter was $15.9 billion, down slightly from just over $16 billion in the same period last year.

Continued on page 7…

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Gordon Pape's updates – continued from page 6…

Net earnings for the quarter were $0.55 per share, down from $1.39 for the same period in 2017. On an adjusted basis, ADM said earnings were $0.88 compared to $0.82 a year ago.

Although fourth-quarter earnings were down, over the year ADM reported profit of $1.8 billion ($3.19 per share, fully diluted). That compared to $1.6 billion ($2.79 per share) in 2017.

The company reported a significant drop in fourth-quarter operating profit from its Merchandising and Handling division, which saw its contribution drop $75 million to $149 million.

In his comments, CEO Juan Luciano praised his team for generating year-over-year profit growth but referred to "complicated and rapidly changing trade, geopolitical and market conditions".

Dividend: The directors approved a 4.5% increase in the quarterly dividend to $0.35 a share ($1.40 per year) effective with the March payment. The stock yields 3.4% at the current price.

Action now: Hold.

Simon Property Group (NYSE: SPG)

Originally recommended by Tom Slee on March 2/14 (#21409) at $159.91. Closed Friday at $184.10. (All figures in U.S. dollars.)

Background: Simon Property is a global leader in retail real estate ownership, management, and development and a S&P 100 company. The company owns and operates retail properties and investments across North America, Europe, and Asia and generates billions in annual retail sales.

Performance: The shares hit a 52-week high of $191.49 on Dec. 7, then proceeded to plunge all the way to $160.66 on Dec. 24 in the broad market retreat. They have since recovered to the current level.

Recent developments: The company released fourth-quarter and year-end results on Feb. 1 and investors responded positively by pushing up the share price.

For the quarter, net income attributable to common stockholders was $712.8 million ($2.30 per share, fully diluted). That compared to $571.1 million ($1.84 per share) in 2017, a 25% increase on an EPS basis. Funds from Operations (FFO) was about $1.2 billion ($3.23 per share) as compared to just over $1.1 billion ($3.12 per share) in the prior year period.

For the full year, net income was $2.4 billion ($7.87 per share) compared to $1.9 billion ($6.24 per share) in 2017.That was up 26.1% on an EPS basis. FFO was $4.3 billion ($12.13 per share), compared to $4 billion ($11.21 per share) in 2017.

The company has an extensive footprint in Canada and enlarged that in the fourth quarter with the opening of a 140,000 square-foot expansion of Toronto Premium Outlets with enhanced amenities, more food offerings, and more than 40 new stores. Simon owns 50% of this centre.

Simon is also working on new developments in Mexico, Spain, the U.K., the U.S.

Dividend: The directors approved an increase in the quarterly dividend of $0.05 per share to $2.05 ($8.20 per year). This is a 5.1% increase year-over-year. The next dividend will be payable on Feb. 28 to shareholders of record on Feb. 14. The shares yield 4.5% at the current price.

Action now: Hold for yield and modest capital gains potential.

GAVIN GRAHAM'S UPDATES

Bank of Nova Scotia (TSX, NYSE: BNS)

Originally recommended by Tom Slee on Jan. 16/11 (#21102) at C$56.83, U$57.34. Closed Friday at C$74.48, US$56.13.

Background: Scotiabank is the third-largest Canadian bank by market capitalization and has the largest international presence, with over one third of its revenues and earnings derived from its Latin American and Caribbean operations. In the past few years it has focused on Mexico, Colombia, Peru, and Chile (the Pacific Alliance countries), where it is among the top half-dozen financial institutions. It has particular strengths in commercial lending and capital markets. And the recent acquisitions of Canadian asset managers Jarislowsky Fraser and MD Financial have made it the third-largest active manager in Canada, with assets under management of over $230 billion.

Continued on page 8…

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Gavin Graham's updates – continued from page 7…

Performance: The stock is down about 2% over the past year because of dilution from issuing shares for its wealth management acquisitions

Comments: The bank recently released fourth-quarter and year-end results. For the 2018 fiscal year (to Oct. 31), Scotiabank increased its net income by 6%, to $8.72 billion ($6.82 per share). Revenue grew 6%, to $28.7 billion, while expenses grew by only 3%, to $15.1 billion. Net interest margin rose to 2.46%, and its productivity ratio (costs as a percentage of revenues) improved by 160 basis points, to 52.3%, making it the lowest cost producer amongst banks.

Growth was driven by Canadian banking where adjusted net income was up 8%, to $4.4 billion. International banking was up 16% to $2.8 billion, boosted by the acquisitions of BBVA's Chilean operations and Citibank's Colombian credit card operations. Global banking and markets were down 3%, to $1.7 billion.

With the acquisitions of Banco Cencosud in Peru and Banco Progreso in the Dominican Republic, which close in the first quarter, integration costs and amortization of intangibles will total $390 million in 2019-20. The bank says this will be neutral for EPS in 2019 and will add $0.15 a share in fiscal 2020.

Dividend: The dividend was raised by $0.03 a quarter for the second time in the last year, to $0.85 a share in the fourth quarter, giving Scotia a yield of 4.6%.

Action now: Scotia is selling at a price to book ratio of 1.48, the cheapest among the Big Six banks. It remains a Buy for its strong capital position, excellent cost control, and exposure to the fast-growing Pacific Alliance countries.

YOUR QUESTIONS

Where to invest?

Q – I am 87 years old and concerned about market volatility. Right now, 20% of my portfolio is in cash (approximately $176,000). I am considering investing in money market funds or utilities. I would appreciate your advice between these or other sectors. If you feel money market funds are the answer, please advise one. – Art B.

A – I like utility stocks right now. They were beaten down in price but have staged a modest recovery recently. Despite the rebound, they still offer attractive yields. But there is more short-term risk in placing your money in stocks compared to money market funds or high-interest savings accounts.

Money market funds do not look very attractive at this stage. Most have a one-year return of less than 1%. You can do much better with a high-interest savings account. EQ Bank is currently offering 2.3% on deposits. It is a member of the Canada Deposit Insurance Corp. (CDIC), which protects your assets up to $100,000.

Some financial institutions are offering even higher returns although in some cases it may be an introductory offer that has a limited time frame, so check carefully. Go to ratehub.ca for a list of high-interest savings accounts and special deals. – G.P.

HOUSEKEEPING

The following securities have been deleted from our Recommended List. Sell advisories were issued some time ago so this listing is for record-keeping purposes only. Figures are in U.S. dollars.

Nuance Communications (NDQ: NUAN). Recommended April 14/13 by Glenn Rogers at $21.61. Sold Sept. 22/14 at $15.67.

Nutrisystem Inc. (NDQ: NTRI). Recommended Aug. 26/13 by Glenn Rogers at $12.80. Sold Feb. 23/15 at $17.56.

Peabody Energy (NYSE: BTU). Recommended Aug. 14/11 by Tom Slee at $48.23 Sold April 20/14 at $16.71.

Plum Creek Timber Co. (NYSE: PCL). Recommended Sept. 23/12 by Glenn Rogers at $44.76. Sold Jan. 26/14 at $42.88.

Realogy Holdings Corp. (NDQ: RLGY). Recommended March 18/13 by Glenn Rogers at $47.70. Sold March 23/15 at $44.66.

Seagate Technology (NDQ: STX). Recommended April 22/12 by Glenn Rogers at $29.21. Sold May 12/13 at $40.50.

Sirius XM Holdings (NDQ: SIRI). Recommended Dec. 15/13 by Glenn Rogers at $3.47. Sold Oct. 3/16 at $4.17.

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