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Announcing Canaccord Genuity Asia

Ideas are the engine of our business.

We are expanding our operations into Asia with the acquisition of The Balloch Group, a leading boutique Chinese investment bank, and a strategic agreement with the Export-Import Bank of China (“China Eximbank”).

Canaccord Genuity Asia and will focus primarily on:

- Providing advisory services to businesses in the region.
- Advising Chinese companies on their outbound investment and international mergers and acquisitions.
- Advising international companies on entering Asian markets.
- Helping Asian companies raise capital on international markets.
- Facilitating Chinese financing for international projects.

“We are committed to better serving our clients in this important growth market and growing Canaccord’s platform in Asia. Our new partners from The Balloch Group and our collaboration with the Export-Import Bank of China will anchor our expansion efforts in the region.” said Paul Reynolds, President and CEO of Canaccord Financial Inc.

Learn more about our operations in Canada, the United Kingdom, the United States, and Asia.

Request more information: kim.inglis@canaccord.com

Remember tax loss selling deadlines

Mark these important dates in your calendar

We may be getting closer to holiday parties and eggnog, but don’t let your finances go by the wayside. Mark these important dates in your calendar:

- December 24, 2010 is the last day for tax-loss selling for Canadian taxpayers selling Canadian equities. Note, the TSX will also be closing early that day, at 1PM EST.
- December 28, 2010 is the last day for tax-loss selling of U.S. equities for Canadian taxpayers.
- December 31, 2010 is the last day for tax-loss selling for U.S. taxpayers for Canadian and U.S. securities.

Remember, always check with a qualified tax professional before considering any tax loss selling strategies.

Tax advantage in dual structure

Business owners can benefit from holdings companies

Published date 11.01.10

Many small business owners establish holding companies to maximize their tax planning. There are a number potential benefits including tax efficiency, creditor protection, income splitting and succession planning.

Generally speaking, a holding company (Holdco) owns the shares of the business owner’s operating company (Opco). The Opco carries on the active business and pays out its earnings to the Holdco as a dividend. The Holdco then uses the funds to hold diversified investments or pay out income.

Consider an incorporated business owner with significant retained earnings. The earnings can be moved over to the Holdco from the Opco on a tax-free basis via an inter-
incorporation dividend transfer. Although the Holdco assets are subject to the passive tax rate, they aren’t taxed to the individual until distribution.

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Appetite for Chinese IPOs soars

Having a home-bias may not be a wise idea.

According to the International Monetary Fund, Asian economies are forecast to grow 6.6% in 2011, with the Chinese economy coming in at 9.6%.

Where do some of the other countries come in? The US economy is forecast to grow at 2.3% and the UK at 2%. Canada is not much higher; expecting growth of 2.7%.

As a result, appetite for Chinese financings has risen substantially. Bloomberg research shows that Asia's share of worldwide IPOs has increased to 66%. Compare that to 1999 when their share was a mere 12% and you can understand why investors have flocked to the east. In 2010 alone, Chinese IPOs attracted more than \$76 billion.

How can the individual investor participate? Look for investments that are strategically positioned for emerging market growth. The iShares MSCI Emerging Markets exchange-traded fund (NYSE: EEM) is interesting. Alternatively, those preferring individual stocks may wish to consider large-cap, global companies with exposure to the emerging markets such as Pepsico (NYSE: PEP) or Procter & Gamble (NYSE: PG).

'Tax advantage in dual structure' - *Continued*

If a business owner has a very successful Opco, they'll want to take retained earnings out in order to avoid losing their small business status. That's because 90% of their assets must be used to earn income in the business. If there are excess funds in the Opco, they can be transferred to the Holdco. If necessary, the funds can be loaned back to the Opco on a secured basis.

The tax deferral benefits of Holdcos can be substantial. Let's examine a BC small business that earns \$500,000 of income. The \$500,000 would be subject to 13.5% active business income tax, leaving \$432,500 that can be transferred to the Holdco for investment purposes. If an individual were to instead take the money out as a bonus, it would attract up to 43.7% tax; resulting in only \$281,500 available for investment purposes.

Another benefit of the dividend transfer is potential creditor protection. Since the earnings are transferred to a separate entity, the funds are more difficult for creditors of the Opco to access. Even if the owner needs to move funds back to the Opco, the secured status of the funds creates a certain level of protection.

Holdcos can be a useful estate planning tool. Assets can be transferred to heirs through the use of a trust or they can be liquidated at death. This helps avoid the possibility of double taxation.

It's also possible to spread income across family members. Income can be paid out via dividends or salary if the family member is doing work for the company. This enables some of the earnings to be taxed in the hands of the family members, who are presumably in a lower tax bracket. One must be mindful of attribution rules though.

Under certain circumstances, Holdcos can help create an estate freeze, enabling accrual of the future growth of the corporation to heirs in a tax-deferred manner. If the estate freeze is done early enough, it can also significantly reduce the amount of taxes payable on death.

Holdcos are certainly not a tax haven but they offer excellent opportunities to qualified individuals. There are many intricacies to Holdcos, so it is imperative to seek advice from a tax professional.

Did you know?

The average married adult loses around 730 hours of sleep per year because of their partner's snoring.

The U.K. has the most fuel-efficient drivers in Europe. Their driving style is built around "exceptionally smooth and thoughtful handling of gears."

The top three reasons why people get "unfriended" on Facebook: Frequent, unimportant posts; posts about polarizing topics such as politics; and inappropriate posts.

An 1814 first edition of The Star-Spangled Banner is being put up for auction in New York and is estimated to fetch up to \$250,000.

Source: Canaccord Morning Coffee

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New Stride Thoroughbred Retirement Foundation



A registered charity dedicated to finding suitable adoptive homes and alternative careers for Thoroughbred racehorses no longer able to compete.

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