

# Rees' Pieces

## Difficult Times in the Maritimes...

In the long term, Nova Scotia and Colchester County, in particular, will face a bright future, but in the meantime we have some black clouds hanging over us.

With all the plant closings and jobs lost, it's hard to be positive and smile during this Christmas season. Changing demographics and eating habits has brought closure to at least two Kellogg's breakfast cereal plants in Ontario. Manufacturing in Canada is declining rapidly.

Nova Scotia has seen its share of job losses this year. Normally immune to losses, Halifax is on the radar screen, with Blackberry and several customer contact centres closing throwing hundreds out of work.

Halifax and all of Nova Scotia have reason to be concerned. "The ships built here" initiative does not appear to be going well with the federal auditor general issuing a damaging report saying the project is significantly under funded to build the number of vessels called for. Still no steel being cut, nearly two years after all they hype about how our economy would be changed.

Similarly, downtown Truro is not faring well either. Last year it was Margolians, a shopping icon, which drew customers from near and far. It was replaced by a series of smaller boutique shops, but, they do not have the same lure. Mid-year, farther down on Prince Street, the Bargain Shop, closed as it did in other locations in Atlantic Canada.

Access Nova Scotia has moved up near the Irving Big Stop in Truro Heights, vacating its relatively new location on Walker. The former Zeller's location is still vacant with no apparent replacement. Rumours are still floating around about the mall's other big anchor, Sears.

Over the long term our future depends on high tech jobs, oil and gas, tidal power, wind farms, immigration, the ingenuity of our people and those who we can attract here. Regarding oil and gas, all we have to do is look at how extracting shale oil and gas has turned the USA from a large importer to the point it will soon become an exporter.

The Maritimes will have a brighter future when the proposed pipeline to the east can get through all the regulatory, financial and community acceptance issues. Access to cheaper energy from the west will help all Atlantic Canadians.

If a safe technology is ever developed and tested to the point residents and governments are comfortable harvesting shale gas, we will be sitting pretty. But until technology is proven, shale gas needs to stay in the ground.

If we protect our environment, we will become one of the few areas, in Canada or worldwide, where tourists can enjoy the benefits of a preserved environment. That, in itself, might be our largest economic generator. In Nova Scotia we need to proceed aggressively on development of tidal power. It is our best bet. It might not be cheaper than we are currently paying, but it will be "ours" and the tides come and go regardless of the economy or political interference.

There is an increasing amount of speculation significant oil deposits have been found in the latest drilling offshore Nova Scotia. Let's hope Nova Scotia has the strongest royalty mechanism in place. Most of the profits will go elsewhere, but the royalties will be our saving grace.

In the meantime, Nova Scotians, in consultation with the provincial and federal governments, must find a way to lower our expectations and costs for health care, education and pensions payable to politicians and those whose jobs are paid by the taxpayer.

One worrisome scenario, which will increase our debt about \$14-billion, is the exposure to the unfunded liability of public service, health care and teacher's pensions. That is the largest skeleton in the closet. I see no reason why the general taxpayer should top up the pension funds for those who have had job security and above average income in their chosen vocations in education, healthcare, or civil service.

I know those words are upsetting to those wanting their pensions topped up, but can someone inform me, who in their organizations, the local merchant, farmer, fisherman and service industry workers can approach to have their pensions increased?

Maurice

# Masstown Community News

By Christine Urquhart

As Christmas draws near it is a wonderful sight to see all the beautiful lights on people's houses and in their yards. Many have their Christmas trees in their windows for all to enjoy. The Christmas tree at the Masstown Community Park also is lit and shines each night for a few hours. Thanks to the MacDonald's who's power the Community Association is using to light the tree.

A fun time was had at the Tree Lighting, even though it had to be postponed for a week due to the miserable rainy night the previous week. Thanks to Tim Horton's for the hot chocolate, to Rodney Morgan for making the bon fire and to all those who braved the cold to show up to roast marshmallows and sing Christmas carols.

A lovely Christmas Party was hosted by the Debert and Masstown UCW ladies on December 9th in Debert with the Baptist ladies and others from our communities joining as well. Although it turned into a stormy night the spirit of Christmas was in full swing. Thanks to all those hard working ladies who prepared the worship, program and very tasty lunch and to all those ladies who brought items for the Food Bank, 117 lbs of food was donated.

Saturday January 4th, 8am, the DGM Men's Club will meet at the Double C Restaurant in Lower Debert. All men welcome. Thursday January 9th, 7pm, Masstown UCW will meet at the Church. All ladies in our community are welcome and encouraged to attend this fun meeting.

The Quilters and other Crafters will start back up again meeting on Monday's at 1pm at the Masstown United Church come January 2nd. If you enjoy quilting, knitting, crocheting, embroidery, plastic canvas, tote painting or any other craft, or just sitting around talking to those who are doing these crafts come and join this fun bunch of folks - men are also wel-

come you know!

I wish to make a correction on one of the "congratulations" I made last issue - Glen and Doreen Putnam have only been married for 50 years, not 60! (my typing does not improve with age!)

Congratulations go out this month on the baptism of Cohen Wentworth Dease, son of Chris and Krista (nee Reid) Dease of Ottawa. They came home to visit her parents Rodney and Joy Reid and to have their son, brother of Loren, baptized. With grandparents and great grandparents present along with other family members it was a memorable day. Lunch was served afterwards thanks to the Debert UCW ladies.

Condolences go out this month to: Jack Barley and family on the death of his niece, Joyce Fage; Val McCabe and family on the death of her uncle, Alden Newcombe; to all UCW members on the death of Past President, Brenda Leslie and Ellen Putnam and family on the death of her husband, Gene Putnam.

Ron and I wish you and yours a very Merry Christmas and the happiest of New Year's!



## Market Capitalization Weighting is easy for investors to understand

By Kim Inglis

While investors understand that exchange-traded funds (ETFs) track indices, many are unfamiliar with the specific ways in which indices can be built. Because the index is a key component in performance, investors should understand the index weighting of any ETFs they consider in order for acquisitions to fit portfolio goals.

The most popular weighting method is market capitalization which creates an index where the largest companies have the highest percentage weighting in the index, essentially creating a product that favors companies considered the most valuable by the market. An example is SPDR S&P 500 (SPY), the world's largest ETF, whose current top holdings are Apple Inc and Exxon Mobil Corporation.

Opponents argue that market capitalization results in heavy concentration, ultimately decreasing diversification and increasing risk because inclines or declines in the top holdings will have a greater impact on the ETF.

Opponents also argue market capitalization can generate sector overconcentration if top holdings occupy the same space; Information Technology currently represents more than 17% of SPY.

However, market capitalization weighting is easy for investors to understand and easy for ETF managers to administer. The strategy lends itself to lower turnover and therefore tax efficiency and lower operating expenses.

Another method is equal weighting. The rationale behind this approach is to avoid the overconcentration risks associated with market capitalization. As the name denotes, these ETFs assign the same weighting to each constituent in the index. An index containing 100 holdings will assign a weight of 1% to each. ETFs using this approach require more frequent rebalancing, which can result in higher costs and potential capital gains distributions.

Although equal weighting increases diversification, it has the potential to increase volatility because the index will have a higher proportion

of its assets in smaller companies. A study by Skirant Dash and Keith Loggie of Standard & Poor's analyzed the performance of an equal weighted version of the S&P 500 index and found that while it outperformed the regular index by 1.5% a year, it did so with significant volatility.

The fundamental indexing method attempts to resolve these issues. ETFs using this approach overlay such factors as dividends, cash flow, and book value to create an index that better reflects the constituents' intrinsic value. Of course, the success of fundamental indexing is ultimately based on the success of the particular fundamental thesis applied.

Low volatility or minimum volatility weighting is another strategy that has been gaining momentum. These ETFs are comprised of stocks that move around less than the broader indices. They have gained popularity in recent years with investors seeking ways to reduce portfolio risk in unsettled markets.

The various weighting strategies offer flexibility. ETF

## The Shoreline Journal

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Dominion Chair Factory Store

**BIBLE HILL:**  
C.W. Fraser Pharmacy  
MacQuarries Pharmacy

**DEBERT:**  
Barnhill's Superette  
Debert Mini-Mart

**FIVE ISLANDS:**  
Masstown Market Five Islands

**GLENHOLME:**  
Double "C" Truckstop  
Glenholme General Store

**GREAT VILLAGE:**  
Wilson's Gas

**MAITLAND:**  
Frieze & Roy General Store

**MASSTOWN:**  
Masstown Market

**NORTH RIVER:**  
Grant's Grocery

**ONSLOW:**  
Onslow Market

**PARRSBORO:**  
CrossRoads Co-op  
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investors might opt for a blend of weightings, such as opting for equal weighted and low volatility products for bear markets and market capitalization weighted for bull markets. As with any investing, choices must fit personal goals and it's important to do the homework. Those who take time to learn about weighting strategies can gain a significant edge.

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