

LEARNING MADE EASY



2nd Edition

Investing For Canadians

ALL-IN-ONE

for
dummies[®]
A Wiley Brand



Andrew Dagys, et al.

Chartered Professional Accountant

Author of *RRSPs & TFSAs For Canadians For Dummies* and *Stock Investing For Canadians For Dummies*



Investing For Canadians

ALL-IN-ONE

2nd Edition

by **Andrew Dagys, CPA, Andrew Bell,
Bryan Borzykowski, Kiana Danial,
Douglas Gray, LLB, Annie Logue, MBA,
Tony Martin, Peter Mitham,
Paul Mladjenovic, Eric Tyson, MBA,
Russell Wild**

for
dummies[®]
A Wiley Brand

Investing For Canadians All-in-One For Dummies®, 2nd Edition

Published by: **John Wiley & Sons, Inc.**, 111 River Street, Hoboken, NJ 07030-5774, www.wiley.com

Copyright © 2025 by John Wiley & Sons, Inc. All rights reserved, including rights for text and data mining and training of artificial technologies or similar technologies.

Media and software compilation copyright © 2025 by John Wiley & Sons, Inc. All rights reserved, including rights for text and data mining and training of artificial technologies or similar technologies.

Published simultaneously in Canada

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, scanning or otherwise, except as permitted under Sections 107 or 108 of the 1976 United States Copyright Act, without the prior written permission of the Publisher. Requests to the Publisher for permission should be addressed to the Permissions Department, John Wiley & Sons, Inc., 111 River Street, Hoboken, NJ 07030, (201) 748-6011, fax (201) 748-6008, or online at <http://www.wiley.com/go/permissions>.

Trademarks: Wiley, For Dummies, the Dummies Man logo, Dummies.com, Making Everything Easier, and related trade dress are trademarks or registered trademarks of John Wiley & Sons, Inc. and may not be used without written permission. All other trademarks are the property of their respective owners. John Wiley & Sons, Inc. is not associated with any product or vendor mentioned in this book.

LIMIT OF LIABILITY/DISCLAIMER OF WARRANTY: THE PUBLISHER AND THE AUTHOR MAKE NO REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE CONTENTS OF THIS WORK AND SPECIFICALLY DISCLAIM ALL WARRANTIES, INCLUDING WITHOUT LIMITATION WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. NO WARRANTY MAY BE CREATED OR EXTENDED BY SALES OR PROMOTIONAL MATERIALS. THE ADVICE AND STRATEGIES CONTAINED HEREIN MAY NOT BE SUITABLE FOR EVERY SITUATION. THIS WORK IS SOLD WITH THE UNDERSTANDING THAT THE PUBLISHER IS NOT ENGAGED IN RENDERING LEGAL, ACCOUNTING, OR OTHER PROFESSIONAL SERVICES. IF PROFESSIONAL ASSISTANCE IS REQUIRED, THE SERVICES OF A COMPETENT PROFESSIONAL PERSON SHOULD BE SOUGHT. NEITHER THE PUBLISHER NOR THE AUTHOR SHALL BE LIABLE FOR DAMAGES ARISING HEREFROM. THE FACT THAT AN ORGANIZATION OR WEBSITE IS REFERRED TO IN THIS WORK AS A CITATION AND/OR A POTENTIAL SOURCE OF FURTHER INFORMATION DOES NOT MEAN THAT THE AUTHOR OR THE PUBLISHER ENDORSES THE INFORMATION THE ORGANIZATION OR WEBSITE MAY PROVIDE OR RECOMMENDATIONS IT MAY MAKE. FURTHER, READERS SHOULD BE AWARE THAT INTERNET WEBSITES LISTED IN THIS WORK MAY HAVE CHANGED OR DISAPPEARED BETWEEN WHEN THIS WORK WAS WRITTEN AND WHEN IT IS READ.

For general information on our other products and services, please contact our Customer Care Department within the U.S. at 877-762-2974, outside the U.S. at 317-572-3993, or fax 317-572-4002. For technical support, please visit <https://hub.wiley.com/community/support/dummies>.

Wiley publishes in a variety of print and electronic formats and by print-on-demand. Some material included with standard print versions of this book may not be included in e-books or in print-on-demand. If this book refers to media that is not included in the version you purchased, you may download this material at <http://booksupport.wiley.com>. For more information about Wiley products, visit www.wiley.com.

Library of Congress Control Number is available from the publisher.

ISBN 978-1-394-29463-3 (pbk); ISBN 978-1-394-29465-7 (ebk); ISBN 978-1-394-29464-0 (ebk)

Contents at a Glance

Introduction	1
Book 1: Entering the World of Investing	5
CHAPTER 1: Grasping the Fundamentals of Investing	7
CHAPTER 2: Weighing Risks	19
CHAPTER 3: Evaluating Investment Returns	35
CHAPTER 4: Understanding How Different Investments Are Taxed	47
Book 2: Investing in Stocks	65
CHAPTER 1: Understanding Stock Tables, Charts, and Other Indicators	67
CHAPTER 2: Going for Brokers	87
CHAPTER 3: Investing for Long-Term Growth	115
CHAPTER 4: Investing for Income	127
CHAPTER 5: Using Accounting Basics to Choose Winning Stocks	149
Book 3: Investing in ETFs, Mutual Funds, and Bonds	165
CHAPTER 1: Investing in Exchange-Traded and Mutual Funds	167
CHAPTER 2: Getting to Know the ETF Players	191
CHAPTER 3: Shuffling Papers and Remaining Vigilant	213
CHAPTER 4: Exploring More Mutual Fund and ETF Options	231
CHAPTER 5: Bonding with Fixed Income	245
Book 4: Investing in Gold and Silver	265
CHAPTER 1: Exploring the World of Gold and Silver	267
CHAPTER 2: Adding Gold and Silver to Your Portfolio Mix	273
CHAPTER 3: Investing in Gold	281
CHAPTER 4: Surveying Silver	291
Book 5: Day Trading	303
CHAPTER 1: Waking Up to Day Trading	305
CHAPTER 2: Making a Day Trade	319
CHAPTER 3: Signing Up for Asset Classes	331
CHAPTER 4: Investing, Trading, and Gambling	341
CHAPTER 5: Understanding Regulations	359

Book 6: Cryptocurrency Investing	369
CHAPTER 1: Understanding What Cryptocurrency Is.....	371
CHAPTER 2: Figuring Out Why to Invest in Crypto	379
CHAPTER 3: Recognizing the Risks of Cryptocurrencies	387
CHAPTER 4: Explaining How Cryptos Work	403
CHAPTER 5: Buying Crypto: The How-To	421
Book 7: Investing in Real Estate.....	443
CHAPTER 1: Considering Investing in Real Estate.....	445
CHAPTER 2: Exploring Real Estate Investments	465
CHAPTER 3: Establishing Your Investment Strategy.....	483
CHAPTER 4: Pulling Together the Cash: Assessing Your Resources	505
Index.....	519

Table of Contents

INTRODUCTION	1
About This Book.....	1
Foolish Assumptions.....	2
Icons Used in This Book	2
Beyond the Book.....	3
Where to Go from Here	3
BOOK 1: ENTERING THE WORLD OF INVESTING	5
CHAPTER 1: <i>Grasping the Fundamentals of Investing</i>	7
Getting Started with Investing.....	8
Setting Financial Goals	9
Exploring Your Investment Choices	10
Stocks	10
ETFs and mutual funds.....	10
Precious metals	10
Real estate	11
Considering Investment Strategies.....	11
Growth investing	11
Income investing	13
Diversifying Your Investment Assets	13
Reducing risk	14
Understanding asset classes	15
Determining Your Investment Tastes.....	16
CHAPTER 2: <i>Weighing Risks</i>	19
Understanding Market-Value Risk	20
Examining Individual-Investment Risk	22
Financial Risk: Loading Up on Debt	25
Understanding Interest Rate Risk	26
Demonstrating interest rate risk.....	27
Affecting even bond funds.....	28
Hurting a company's financial condition	28
Affecting a company's customers	28
Affecting investors' decision-making considerations.....	28
Hurting stock prices indirectly.....	29
Inflation Risk: New Kid on the Block.....	30
Market Cycle Risk: A Roller Coaster	30
Liquidity Risk: Help, Let Me Out!	31
Exploring Tax Risk: The Uninvited Guest	32
Political and Governmental Risk: Vote for Me!	32

CHAPTER 3: Evaluating Investment Returns.....	35
Analysing Returns	35
The components of total return	36
Savings, high-interest, and money market account returns	37
Bond returns	38
Exchange-traded and mutual fund returns.....	39
Stock returns	40
Real estate returns	42
Managing Debt to Maximize Your Returns	43
Conquering consumer debt.....	43
Mitigating your mortgage.....	44
CHAPTER 4: Understanding How Different Investments Are Taxed	47
Examining Interest Income	48
Understanding Dividend Income	49
Getting grossed out.....	50
Addressing stock dividends and splits	50
Eyeing Capital Gains and Losses.....	51
Looking At Foreign Exchange Gains and Losses.....	52
Exploring Deferred-Income Tax Shelters and Plans.....	52
Registered Retirement Savings Plans (RRSPs).....	53
Tax-Free Savings Accounts (TFSAs)	53
Registered Retirement Income Funds (RRIFs).....	54
Determining Whether to Invest Inside or Outside Your RRSP or TFSA.....	55
Grasping Taxation of Dividend Income	55
Dividends from Canadian company shares.....	55
Dividends from foreign shares	56
Focusing on Taxation of Funds	57
Considering Taxation of REITs.....	59
Detailing General Tax Rules for Bonds.....	60
Interest income revisited	61
Capital gains and losses	61
Foreign exchange gains and losses	62
Identifying Taxation of Fixed-Income Securities.....	63
GICs and term deposits revisited	63
Treasury bills	63
Corporate, municipal, provincial, and other government bonds	64

BOOK 2: INVESTING IN STOCKS	65
CHAPTER 1: Understanding Stock Tables, Charts, and Other Indicators	67
Looking to Stock Exchanges for Answers	68
Grasping the Basics of Accounting and Economics	70
Accounting for taste and a whole lot more	71
Understanding how economics affects stocks	72
Staying on Top of Financial News	75
Figuring out what a company's up to	76
Discovering what's new with an industry	76
Knowing what's happening with the economy	76
Seeing what politicians and government bureaucrats are doing	77
Checking for trends in society, culture, and entertainment	77
Reading and Understanding Stock Tables	78
52-week high	79
52-week low	79
Name and symbol	80
Dividend	80
Volume	80
Yield	82
P/E	82
Day last	83
Net change	83
Using News about Dividends	83
Looking at important dates	83
Understanding why certain dates matter	85
CHAPTER 2: Going for Brokers	87
Defining the Broker's Role	87
Distinguishing between Full-Service and Discount Brokers	89
At your disposal: Full-service brokers	89
Just the basics: Discount brokers	91
Choosing a Broker	93
Overall factors to consider	93
Technical factors and considerations	95
Discovering Various Types of Brokerage Accounts	96
Cash accounts	96
Margin accounts	97
Option accounts	98
Judging Brokers' Recommendations	98
Understanding basic recommendations	98
Asking a few important questions	99

Comprehending Robo-Advisors	101
High tech meets equity investing	102
Terminating bad investment decisions with artificial intelligence	102
Recognizing advantages of an inhuman touch.....	103
Identifying what can go wrong	103
Checking Out Canadian Robo-Advisors	105
Whom do you choose?	105
Asset allocation: Knowing where the robo-advisor is investing your money	105
Keeping an eye open.....	106
Considering fees	107
Dealing with Bond Brokers	107
Identifying the role of the bond dealer	108
Selecting the right bond broker or agent.....	109
Checking the dealer's bond offerings.....	110
Doing It Yourself with Online Bond Investing.....	111
If you're looking to buy	112
If you're looking to sell	113
CHAPTER 3: Investing for Long-Term Growth.....	115
Tactful Tips for Choosing Growth Stocks.....	116
Look for leaders in megatrends	118
Compare company growth to industry growth.....	118
Consider a company with a strong niche.....	119
Check out a company's fundamentals	119
Evaluate a company's management.....	120
Notice who's buying and/or recommending a company's stock	122
Make sure a company continues to do well	123
Heed investing lessons from history	124
CHAPTER 4: Investing for Income	127
Understanding Income Stocks Basics.....	128
Getting a grip on dividends	128
Recognizing who's well-suited for income.....	129
Noting advantages of income stocks	129
Eyeing disadvantages of income stocks.....	130
Analysing Income Stocks	132
Pinpointing your needs first.....	133
Checking out yield	133
Looking at a stock's payout ratio.....	135
Studying a company's bond rating	136
Diversifying your stocks	137

Exploring Some Typical Dividend Income Payers.....	138
Utilities	138
Real estate investment trusts (REITs)	140
Telecommunications.....	142
Energy	143
Financials	144
Technology.....	144
Healthcare	145
ETFs	146
Dividend Payers: Not Without Risk	147
CHAPTER 5: Using Accounting Basics to Choose Winning Stocks.....	149
Recognizing Value When You See It	150
Understanding different types of value.....	150
Putting the pieces together	152
Accounting for Value.....	154
Breaking down the balance sheet.....	154
Looking at the income statement.....	158
Tooling around with ratios.....	162
BOOK 3: INVESTING IN ETFs, MUTUAL FUNDS, AND BONDS	165
CHAPTER 1: Investing in Exchange-Traded and Mutual Funds.....	167
Understanding What Funds Are	168
Comparing Funds and Individual Stocks	169
Comparing ETFs and Mutual Funds	170
Eyeing the differences	170
Naming the similarities.....	171
Considering Reasons to Buy Mutual Funds.....	172
Offering safety in numbers: Public scrutiny and accountability.....	172
Putting your eggs in many baskets.....	173
Getting good returns from professional management.....	174
Making investing convenient.....	174
Investing without breaking the bank	175
Watching over your investment	175
Cashing out — Getting your money if you need it	176
Identifying Perils and Pitfalls of Funds	176
Excessive costs.....	177
Style drift — When managers get lost in the jungle.....	177
When managers blow it	178

Can't see the forest for the funds	178
Vague explanations of poor performance.....	179
Prospectuses that don't say enough.....	180
Comparing Load versus No-Load	181
Load funds — The comfort zone.....	181
No-load funds — The direct approach.....	183
Keeping It Simple with Indexes	184
Index ETF versus index fund: explaining the difference	185
Canada's flagship indexes	185
Choosing between the classic and the new indexes	188
CHAPTER 2: Getting to Know the ETF Players	191
Creating an Account for Your ETFs	192
Answering a zillion questions	192
Placing an order to buy.....	194
Trading ETFs like a pro	195
Introducing the Shops	196
Knowing what to look for.....	196
Comparing price structures.....	197
Presenting the Suppliers	201
Mixing and matching — with caution.....	201
BlackRock/RBC iShares	202
BMO ETFs	203
Vanguard Investments Canada	204
Global X Exchange Traded Funds	204
CI Investments	205
Mackenzie Investments	205
TD Asset Management	206
Fidelity Investments	206
A few U.S. ETF providers.....	207
Familiarizing Yourself with the Indexers	209
S&P Dow Jones Indices	209
MSCI.....	209
FTSE/Russell	210
CRSP	210
Bloomberg	210
Morningstar	211
Meeting the Intermediaries	211
Toronto Stock Exchange.....	212
Cboe Canada	212
NYSE Arca	212
Nasdaq	212

CHAPTER 3: Shuffling Papers and Remaining Vigilant	213
Getting Set Up	214
Filling in your account (or RRSP/TFSA) application form	214
Getting confirmed	218
Dealing with Prospectuses.....	219
You've been warned	220
More charges to look for	221
Introducing the Management Report of Fund Performance	222
Looking at what goes into an MRFP	223
Checking out an MRFP	224
Understanding Your Account Statement.....	227
Reading Annual and Semi-Annual Financial Statements.....	228
CHAPTER 4: Exploring More Mutual Fund and ETF Options	231
Exploring Equity Funds.....	231
Heirloom equity funds	232
Vegas-style equity funds.....	234
Addressing Income Funds	234
Examining dividend funds	235
Considering money market funds	236
Focusing On Balanced Funds.....	237
Mixing assets with balanced funds.....	237
Plodding along profitably.....	238
Retiring with balanced funds.....	239
Steering clear of potholes: Consistently strong returns	239
Understanding Sector-Focused Funds.....	240
Resource funds: Pouring money away.....	241
Researching technology funds	242
Financial services funds: Buying the banks doesn't always pay	243
CHAPTER 5: Bonding with Fixed Income.....	245
The Good Old GIC: You Know Where You Sleep.....	246
Identifying types of GICs.....	246
Finding the best rates	248
Introducing the Major Players in the Bond Market	248
Keeping government in business	248
Collecting corporate debt.....	249
Demystifying those government and government-like agencies	250
Going cosmopolitan with municipal bonds.....	251
Going Solo or Buying Bonds in Bulk	252
Picking and choosing individual bonds	252
Going with a bond fund or funds	253

Dealing with Brokers and Other Financial Professionals	253
Identifying the role of the dealer.....	254
Selecting the right broker or agent.....	255
Checking the dealer's bond offerings.....	256
Hiring a financial planner.....	257
Doing It Yourself Online	258
If you're looking to buy.....	259
If you're looking to sell	261
Going with a discount broker	261
Selecting a discount broker	263
Considering the technical concerns	264
BOOK 4: INVESTING IN GOLD AND SILVER.....	265
CHAPTER 1: Exploring the World of Gold and Silver	267
Considering Gold and Silver for Your Situation	268
Assessing the world's financial issues	268
Knowing how gold and silver can help you	269
Acting before You Invest in Gold and Silver.....	269
Reviewing your portfolio	270
Boosting your cash position.....	270
Using your talents in your spare time	270
Doing your research on gold and silver.....	271
CHAPTER 2: Adding Gold and Silver to Your Portfolio Mix.....	273
Defining Saving, Investing, Trading, and Speculating.....	274
Saving	274
Investing	274
Trading	274
Speculating.....	275
Building Your Financial Profile.....	275
For the conservative investor	276
For the growth investor	276
For the speculator	277
For the trader	277
Making Other Portfolio Considerations.....	278
Deciding on a percentage to put in metals	278
Choosing gold, silver, or both	278
Investing for income	279
CHAPTER 3: Investing in Gold	281
Comparing Gold to Other Investment Assets	282
Gold versus the financial world in general	282
Gold versus stocks versus currencies.....	283

Understanding the Gold Market.....	284
Gold demand	285
Gold supply	285
Going Over Gold's Recent Bull and Bear Markets.....	285
The 1970s bull market	286
The 1980s bear market.....	286
The 1990s range-bound market	286
The bull and bear markets of 2000–2008	287
The bull market and bear market of 2008–2018	287
Making the Case for Gold Today.....	288
CHAPTER 4: Surveying Silver.....	291
Looking at What's Similar and Different.....	292
Silver's similarities to gold	292
Silver's unique qualities	292
Digging into the Silver Market.....	293
Silver demand	294
Silver supply.....	296
Future drivers of silver	296
Picking Apart Silver's Performance during 2000–2020	298
The first silver bull market (2000–2008).....	298
The bull market of 2009–2011 and the bear market of 2011–2018	298
Silver versus the financial world in 2024 and beyond	299
Discovering Resources for Informed Silver Investors	300
BOOK 5: DAY TRADING.....	303
CHAPTER 1: Waking Up to Day Trading	305
Defining Day Trading	306
Speculating, not hedging	307
Understanding zero-sum markets	308
Keeping the discipline.....	308
Committing to Trading as a Business.....	309
Trading part-time: Okay idea if done right	309
Trading as a hobby: A bad idea	310
Working with a Few Assets.....	311
Managing your positions	312
Focusing your attention	312
Working with risk capital	313
Recognising Personality Traits of Successful Day Traders	313
Independence	313
Quick-wittedness.....	314
Decisiveness.....	314

Knowing the Difference Between Trading, Investing, and Speculating	315
Busting Some Myths	316
Myth #1: I can make millions	316
Myth #2: Profits are guaranteed	316
Myth #3: Day trading is dangerous	317
Myth #4: It's easy	317
A lot of other worthwhile activities are stressful too	317
CHAPTER 2: Making a Day Trade	319
Planning Your Trading Business	319
Setting your goals	320
Investing in your business	320
Evaluating and revising your plan	321
Planning Your Trades: Just the Basics, Please	321
Figuring out you want to trade	322
Addressing how you want to trade	323
Figuring out when to buy and when to sell	323
Deciding when you'll be trading	323
Setting profit goals	324
Setting limits on your trades	324
Preparing if the trade goes wrong	327
Closing Out Your Position	329
Swing trading: Holding for days	329
Position trading: Holding for weeks	330
Investing: Holding for months or years	330
CHAPTER 3: Signing Up for Asset Classes	331
Recognizing What Makes a Good Day Trading Asset	331
Liquidity	332
Volatility, standard deviation, and variance	332
Capital requirements	333
Marginability	334
Taking a Closer Look at Stocks	335
Where Canadian stocks trade	336
Where U.S. stocks trade	337
Examining Bonds	337
Cashing in with Currency	338
How currency trades	339
How the Canadian dollar is traded	339
Where currency trades	340
Considering Commodities and How They Trade	340

CHAPTER 4: Investing, Trading, and Gambling	341
Understanding Risk and Return	342
Explaining what risk is.....	342
Getting rewarded for the risk you take	345
Examining the magic of market efficiency.....	347
Defining Investing	348
Talking about Trading.....	349
Getting a Grip on Gambling.....	350
Managing the Risks of Day Trading.....	350
Assessing business risk.....	351
Considering personal risk.....	351
Testing Your System to Gauge Risk	351
Backtesting	352
Simulation trading.....	354
Using simulation software to backtest.....	355
CHAPTER 5: Understanding Regulations	359
Knowing Who Regulates What.....	361
Provincial securities commissions	362
The exchanges.....	363
Understanding Brokerage Basics for Firm and Customer.....	364
Assessing whether you're suitable for day trading.....	364
Staying out of the money laundromat.....	364
Recognizing rules for day traders	366
Reporting your taxes.....	366
Examining Hot Tips and Insider Trading	366
BOOK 6: CRYPTOCURRENCY INVESTING	369
CHAPTER 1: Understanding What Cryptocurrency Is	371
Beginning with the Basics of Cryptocurrencies.....	372
Defining money	372
Identifying key crypto benefits	374
Debunking common crypto and blockchain myths	375
Eyeing risks.....	376
Gearing Up to Make Transactions.....	377
Examining crypto wallets	377
Looking closer at crypto exchanges	377
CHAPTER 2: Figuring Out Why to Invest in Crypto	379
Gaining Capital Appreciation	380
Increasing Income Potential	381
A bit about traditional dividends.....	382
The basics on crypto dividends.....	382

Fuelling Ideological Empowerment.....	383
The economy of the future	383
Potential hedge against inflation	384
Help for the unbanked and underbanked.....	385
CHAPTER 3: Recognizing the Risks of Cryptocurrencies	387
Reviewing Cryptocurrency Returns.....	388
Capital gains (or losses)	388
Income	388
Risk: Flipping the Other Side of the Coin	389
Glimpsing Cryptocurrencies' Reward versus Risk.....	390
Digging into Different Kinds of Risk	391
Crypto hype risk.....	391
Security risk	393
Volatility risk.....	395
Liquidity risk.....	396
Vanishing risk.....	397
Regulation risk.....	397
Tax risk	398
Exploring Risk Management Methods	398
Be patient	400
Diversify outside and inside your cryptocurrency portfolio	401
CHAPTER 4: Explaining How Cryptos Work.....	403
Explaining Basic Terms in the Cryptocurrency Process.....	404
Blockchain.....	405
Cryptography.....	406
Nodes	408
Mining	408
Proof-of-work (PoW)	409
Proof-of-stake (PoS).....	409
Delegated proof-of-stake (DPoS).....	410
Proof-of-authority (PoA)	410
Proof-of-history (PoH)	411
Proof-of-importance	412
Transactions: Putting it all together	413
Cruising through Other Important Crypto Concepts.....	413
Adaptive scaling.....	414
Decentralization.....	414
Harvesting.....	414
Open source.....	415
Public ledger.....	415
Smart contracts	415

Stick a Fork in It: Digging into Cryptocurrency Forks	416
Explain what a fork is and why it happens	416
Distinguishing between hard forks and soft forks	417
Free money on forks.....	418
CHAPTER 5: Buying Crypto: The How-To.....	421
Identifying Different Types of Cryptocurrencies.....	422
Coins	422
Altcoins	422
Tokens.....	423
Naming Cryptocurrencies by Category	423
Exploring decentralized finance (DeFi) cryptos.....	424
Looking at utility cryptos	425
Considering exchange-specific cryptos	425
Eyeing payment cryptos.....	426
Examining privacy cryptos	426
Considering stablecoin cryptos.....	427
Focusing on platform cryptos	428
Perusing finance and fintech cryptos.....	428
Assessing legal and property cryptos.....	429
Weighing NFTs and collectibles cryptos.....	429
Sifting through metaverse cryptos	430
Thinking about gaming cryptos.....	430
Observing other crypto categories	431
Overviewing the Steps in Buying Cryptocurrencies	431
Distinguishing Crypto Exchanges	433
Centralized exchanges	434
Decentralized exchanges	436
Hybrid exchanges	438
Choosing an exchange: The how-to	439
BOOK 7: INVESTING IN REAL ESTATE.....	443
CHAPTER 1: Considering Investing in Real Estate	445
Investigating Real Estate Investing	446
Discovering the opportunities.....	446
Considering alternatives.....	450
Figuring Out Whether You're Right for Real Estate Investing	450
Determining how much you can invest	451
Assessing your risk tolerance	452
Getting into Real Estate Investing.....	453
Knowing your needs	454
Keeping your goals in mind	454
Understanding your limitations	455
Looking for locations.....	455

Fitting Real Estate into a Financial Plan	457
Considering when to sell	458
Planning for retirement	458
Wills and (real) estate planning	459
Understanding First Home Savings Account (FHSA).....	459
Considering contributions and deductions.....	460
Timing	460
Leveraging the Home Buyers' Plan.....	461
Identifying withdrawal rules	461
Recognising other HBP considerations	461
Exploring the repayment rules	462
Choosing between a FHSA or HBP for a Down Payment.....	463
Comparing plans	463
Using both the FHSA and HBP.....	464
CHAPTER 2: Exploring Real Estate Investments.....	465
Homing In on Residential.....	466
Investing begins at home.....	466
Searching for a mortgage.....	467
Renting a suite, paying a mortgage	467
Renovating for fun and profit	468
Owning second homes and cottages	469
Securing Commercial and Industrial Properties.....	470
Assessing classes.....	471
Assessing liquidity.....	473
Considering Canadian Condos	474
Investing in residential condos	474
Investing in commercial condos	475
Investing in hotel condos	475
Dreaming of Recreational Properties.....	476
Cottages and cabins	477
Fractional ownership	477
Resorts by the suite.....	478
Developing a Taste for Raw Land	478
Staking your claim	479
Goin' country or swingin' in the city	479
Banking on land.....	480
Deciding to build	480
Researching Real Estate Investment Trusts.....	481
Understanding trusted alternatives	481
Reading financial statements.....	482

CHAPTER 3: Establishing Your Investment Strategy.....	483
Studying Market Cycles.....	483
The real estate cycle	484
Factors affecting market conditions.....	486
Knowing the Market, Knowing Yourself.....	489
Navigating inflated housing markets in Canada.....	490
Taking stock of your skills.....	491
Selecting an Investment Type	492
Investing with intent	493
Lapping up liquidity.....	493
Staying strong in soft times.....	494
Doing your research	494
Selecting Advisors	495
Before you begin: The criteria.....	496
The real estate agent	498
The lawyer	499
The appraiser.....	500
The accountant	501
The financial planner	501
Other professional advice	502
CHAPTER 4: Pulling Together the Cash: Assessing Your Resources.....	505
Assessing Your Financial Situation	506
Identifying Resources	507
Liquid: Savings	507
Illiquid: Long-term investments.....	508
Vaporous: Friends and acquaintances.....	509
Banking on family	510
Working with Professional Financial Partners.....	513
Rates	514
Results.....	514
References	514
Optimizing Saving Strategies and Leverage	515
Assembling a war chest	515
Risking losses.....	517
Recognizing danger.....	518
INDEX.....	519

Introduction

Making investment decisions can be intimidating and overwhelming. Investors have a ton of options available to them, and sorting through the get-rich-quick hype can be exhausting. *Investing for Canadians All-in-One For Dummies* is here to help you with an overview of the investing landscape unique to Canada.

Since the last edition of this book, the Canadian economy evolved in ways that impacted how most of us invest. High interest rates may make life difficult for debtors but are embraced by risk-averse bond investors. New innovations in artificial intelligence (AI) made stock investors who were willing to take some risks quite happy, especially if they invested in AI computer chip manufacturers early on. For those Canadian investors who wish to keep things a bit more simple, exchange-traded funds (ETFs) of all types are always out there to research. Investment options are available for virtually every risk appetite, and this book explains the nuts and bolts of these options, all in the context of a changing investment landscape.

Importantly, this book is meant for you to consider and research the world of investing, and the common as well as unique investment options available to you. This book isn't written to provide you with personal investment advice. That's because the goals and financial objectives of every Canadian, like you, are bound to be different. Only a personal qualified financial advisor or tax expert who knows your personal situation very well can make investment, tax, or other financial recommendations to you.

About This Book

Investing for Canadians All-in-One For Dummies provides guidance, tools, and resources for determining and making the right investments for your needs. Here, you get tips on investment choices, risks, and returns as well as the basics on stocks, bonds, mutual funds, precious metals, day trading, cryptocurrencies, and real estate.

A quick note: Sidebars (shaded boxes of text) dig into the details of a given topic, but they aren't crucial to understanding it. Feel free to read them or skip them. You can pass over the text accompanied by the Technical Stuff icon, too. The text marked with this icon gives some interesting but nonessential information about investing.

One last thing: Within this book, you may note that some web addresses break across two lines of text. If you're reading this book in print and want to visit one of these web pages, simply key in the web address exactly as it's noted in the text, pretending as though the line break doesn't exist. If you're reading this as an e-book, you've got it easy — just click the web address to be taken directly to the web page.

Foolish Assumptions

Here are some assumptions about why you're picking up this book:

- » You're a millennial or novice investor and eager to find out more about saving, investing, and taking care of long-term needs.
- » You're an experienced investor who wants even more sound guidance and trusted investment strategies.
- » You want to improve your financial situation and build your wealth.
- » You're interested in methods beyond stocks, such as mutual funds, day trading, gold and silver, and cryptocurrencies.
- » You recognize the importance of seeking personal face-to-face advice from a qualified investment and tax professional, especially regarding the fast-changing world of taxation.
- » You're intrigued by real estate investing and want to know more about available opportunities in Canada and abroad.

Icons Used in This Book

Like all *For Dummies* books, this book features icons to help you navigate the information. Here's what they mean.



If you take away anything from this book, it should be the information marked with this icon.

REMEMBER



TECHNICAL STUFF



TIP



WARNING

This icon flags information that digs a little deeper than usual into a particular topic.

This icon highlights especially helpful advice about investing.

This icon points out situations and actions to avoid as you enter and move through the world of investing.

Beyond the Book

In addition to the material in the print or e-book you’re reading right now, this product comes with some access-anywhere goodies on the web. Check out the free Cheat Sheet for information on Canadian ownership investments, Canadian stock exchanges, and the risks of real estate investing in Canada. To get this Cheat Sheet, simply go to www.dummies.com and search for “Investing for Canadians All-in-One For Dummies Cheat Sheet” in the Search box.

Where to Go from Here

You don’t have to read this book from cover to cover, but you can if you like! If you just want to find specific information on a type of investment strategy, take a look at the table of contents or the index, and then dive into the chapter or section that interests you.

For example, if you want the basics of investing, flip to Book 1. If you want to explore stock and mutual fund investing, check out Books 2 and 3. If you prefer to find out more about investing in gold and silver, day trading, and cryptocurrencies, flip to Books 4, 5, and 6. Or if you’re considering real estate, Book 7 is the place to be.

No matter where you start, you’ll find the information you need to enter the world of investing and make the right decisions for your needs. Good luck!

1 **Entering the World of Investing**

Contents at a Glance

CHAPTER 1: Grasping the Fundamentals of Investing	7
Getting Started with Investing	8
Setting Financial Goals	9
Exploring Your Investment Choices	10
Considering Investment Strategies	11
Diversifying Your Investment Assets	13
Determining Your Investment Tastes	16
CHAPTER 2: Weighing Risks	19
Understanding Market-Value Risk	20
Examining Individual-Investment Risk	22
Financial Risk: Loading Up on Debt	25
Understanding Interest Rate Risk	26
Inflation Risk: New Kid on the Block	30
Market Cycle Risk: A Roller Coaster	30
Liquidity Risk: Help, Let Me Out!	31
Exploring Tax Risk: The Uninvited Guest	32
Political and Governmental Risk: Vote for Me!	32
CHAPTER 3: Evaluating Investment Returns	35
Analysing Returns	35
Managing Debt to Maximize Your Returns	43
CHAPTER 4: Understanding How Different Investments Are Taxed	47
Examining Interest Income	48
Understanding Dividend Income	49
Eyeing Capital Gains and Losses	51
Looking At Foreign Exchange Gains and Losses	52
Exploring Deferred-Income Tax Shelters and Plans	52
Determining Whether to Invest Inside or Outside Your RRSP or TFSA	55
Grasping Taxation of Dividend Income	55
Focusing on Taxation of Funds	57
Considering Taxation of REITs	59
Detailing General Tax Rules for Bonds	60
Identifying Taxation of Fixed-Income Securities	63

IN THIS CHAPTER

- » Understanding what investing is
- » Setting your sights on your financial future
- » Checking out your investment options
- » Distinguishing between growth and income investing
- » Protecting your assets with diversification
- » Gauging your tolerance for risk

Chapter 1

Grasping the Fundamentals of Investing

In many parts of the world, life's basic necessities — food, clothing, shelter, and taxes — consume the entirety of people's meagre earnings. Although some Canadians do truly struggle for basic necessities, the bigger problem for other Canadians is that they consider just about *everything* — eating out, driving new cars, hopping on airplanes for vacation — to be a necessity. However, you should recognize that investing — that is, putting your money to work for you — is a necessity. With today's inflationary environment, careful and risk-aware investing is a necessity to just keep up with inflation. If you want to accomplish important personal and financial goals, such as owning a home, starting your own business, helping your kids through university or college (and spending more time with them when they're young), retiring comfortably, beating inflation, and so on, you must know how to invest well.

It's been said, and too often quoted, that the only certainties in life are death and taxes. To these two certainties you can add one more: being confused by and ignorant about investing. Because investing is a confounding activity, you may be tempted to look with envious eyes at those people in the world who appear to be savvy with money and investing. Note that everyone starts with the same level of financial knowledge: none! *No one* was born knowing this stuff! The only difference between those who know and those who don't is that those who know have devoted their time and energy to acquiring useful knowledge about the investment world. In this chapter, you begin to build your understanding of investing on a firm foundation of the fundamentals.

Getting Started with Investing

Before this chapter discusses the major investing alternatives, consider a question that's quite basic yet important. What exactly does "investing" mean? Simply stated, *investing* means you have money put away for future use.

You can choose from tens of thousands of stocks, bonds, mutual funds, exchange-traded funds, and other more exotic investments. To help you on this journey, this book takes you through your options, explains those options to you, and provides you with tips, warnings, and reminders of key points and more. Even after you've read this book, in whole or piecemeal, you'll have only touched the tip of the investing knowledge iceberg. In the meantime, congratulations on the start of your journey and desire to figure out even more about investing than you already do!



REMEMBER

If you wanted to and had the ability to quit your day job, you could make a full-time endeavour out of analysing economic trends and financial statements and talking to business employees, customers, suppliers, and so on. However, you shouldn't be scared away from investing just because some people do it on a full-time basis. Making wise investments need not take a lot of your time. If you know where to get high-quality information and you purchase well-managed investments, you can leave the investment management to the best experts. Then you can do the work that you're best at and have more free time for the things you really enjoy doing.

An important part of making wise investments is knowing when you have enough information to do things well on your own versus when you should hire others. For example, foreign stock markets are generally more difficult to research and understand than domestic markets. Thus, when investing overseas, investing in a mutual fund where a good money manager decides what stocks to hold is often a wise move.