



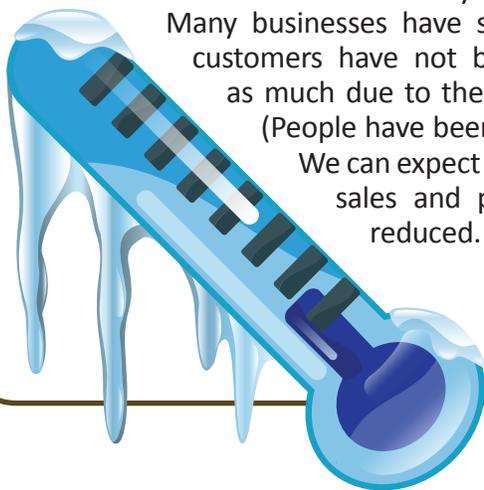
The Economy and Worldly Worries

Polar Vortexes (extreme weather), Russia, Ukraine and Crimea

We used to hear about El Niño and El Niña. This year winter trending words have been Polar Vortexes. BC has been spoiled. The rest of the country, and much of the USA have had a very difficult winter.

Many businesses have said that their customers have not been shopping as much due to the cold weather. (People have been hibernating.)

We can expect that corporate sales and profits will be reduced.



Investors can get nervous due to economic or political uncertainty. Recently, Russia took the opportunity to annex Crimea from Ukraine. The European, US and Canadian governments have condemned this action and are imposing sanctions on Russia. You will recall the threat of the US fiscal cliff and the problems with the PIIGS (Portugal, Italy, Ireland, Greece and Spain) in Europe. Despite these worries, the US stock market has done very well. Europe has bounced back and is now looking attractive. We are building up our international holdings. Have you taken steps in this direction? If you would like us to review your portfolio allocation, we would be pleased to do so.

SKIN IN THE GAME... aligning interests

El Al Israeli Airlines is considered one of the world's most secure airlines thanks to its security procedures both on the ground and on board its aircraft. For additional security, the baggage inspection for each flight is done by the same employees who will work onboard that same flight. This ensures that the job is done properly as their lives are literally depending on it. Their safety is aligned with their clients.

We also align our interests with those of our clients by preferring a fee-based relationship (we call it the Premier Investment Program). Here, we get paid a percentage based on the value of the account. Our fees

are transparent, rather than being paid in commissions from transactions and from embedded (hidden) compensation from the products we recommend. This means that we have no compensation bias for one product over another. We provide our very best investment advice and professional judgment and make no money on transactions in your account. If the best advice is to continue to hold certain securities, rather than trade them, we do that. If your account performs well, we mutually benefit accordingly. The fee is generally tax-deductible for non-registered accounts.

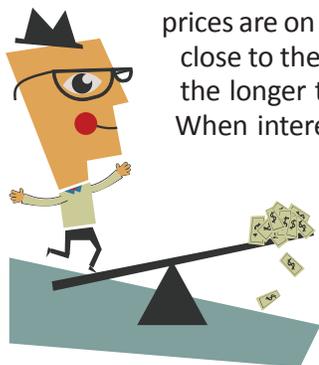


Bonds & Debentures

Recently a client asked “Can you explain how bonds work?”

When you buy a bond or debenture, you loan money to a government or company for a period of time and you receive interest payments (usually twice a year). You are paid back on the set maturity date. The longer the time before the end of the loan, the longer the term to maturity. Existing bonds can be traded in the market between bond holders. Bonds tend to react in the opposite direction to changes in interest rates. When interest rates go up, new bonds pay higher interest so the existing ones do not look as attractive. As a result, they drop in value to produce an effective yield similar to the new bonds. The reverse is true

when interest rates drop. Imagine a teeter-totter where interest rates are on one side and bond prices are on the other. Short term bonds are close to the middle of the teeter totter and the longer term bonds are out at the end. When interest rates go up, bond prices go down and vice versa. You can see why long term bonds are volatile in response to interest rate changes.



So, when you think interest rates are going down, you want to own long term bonds and if you think they will rise, you want to shorten the duration. Government bonds are generally considered a ‘safer’ loan than corporate bonds (as the government will be able to pay you back) but they pay lower interest. Loaning money to companies is considered riskier and as a result the interest rate tends to be higher. It is rare for a government to go bankrupt since it has the power of taxation to raise the necessary funds.

So, depending on your view of the direction of interest rates, you should reallocate your fixed income holdings and the types and duration of bonds you own. Interest rates are very low now and are not likely to go lower. As a result, we recommend underweighting government bonds. We look



FINANCIAL PLANNING CORNER

If I die or when I die?

There are two general types of life insurance. One is permanent (coverage for when you die) and the other is temporary (coverage for if you die). With permanent, the coverage can continue for as long as you live. If you pay enough into the plan, additional funds get invested and the amount of protection can increase. Whole Life is where the insurance company manages the reserve funds and Universal Life permits you to pick from different investments. With temporary (term) insurance, the policy can continue until you are a specific age (often 80) but the cost will change (usually every 10 or 20 years) and becomes prohibitive for many over time.

Term insurance covers income replacement needs (if something happens to you). It can also be used to pay off mortgages or debts. It is used when the need for insurance will be eliminated over time. Permanent insurance covers the desire to provide funds for expenses, debts or tax & estate planning liabilities (for when something happens to you). Often people end up with a mixture of both types of policies. We are able to offer both solutions from a variety of different insurance companies. Now is a great time to contact us for an assessment of your current and desired coverage. Many people are not aware of their insurance needs, the implications of inadequate coverage and of the possible solutions available.

for shorter duration corporate and high yield bond solutions to soften the impact should interest rates rise. In addition, there are floating rate bonds of corporations where the interest rate gets reset in response to changes in the interest rate environment.

Mutual funds, stocks, bonds, GICs, and financial planning services are offered through Manulife Securities Incorporated.

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Our Current Allocation Outlook

Below is a chart of different asset classes and sector exposure with our team's current outlook compared to the normal North American weighting. Based on the economic outlook, we will want more or less than our normal exposure to each category. Each individual investor will have a different investment portfolio depending on their personal circumstances considering their: Risk Tolerance, Income requirements (both current and anticipated), Time Horizon, Taxation, and of course Temperament (investor behavior). We then look for opportunities to tax optimize the holdings based on which plans hold which investments. You should consult us to determine the ideal asset mix and asset selection given your circumstances.

		Underweight	Slightly Underweight	Neutral	Slightly Overweight	Overweight
FIXED INCOME						
Government	Long-term	●				
	Mid-term	●				
	Short-term		●			
Corporate	Investment Grade			●		
	High Yield			●		
	Floating Rate			●		
EQUITIES						
Canadian	Dividend Focused					●
	Large Cap				●	
	Small Cap			●		
US					●	
European				●		
Asia				●		
Emerging Markets				●		
	BRIC			●		

Sector		Underweight	Slightly Underweight	Neutral	Slightly Overweight	Overweight
Consumer Discretionary					●	
Consumer Staples				●		
Energy				●		
Financials	Banking			●		
	Insurance			●		
	Asset Managers		●			
	REITS			●		
Materials			●			
Utilities				●		
Telecommunications				●		
Healthcare				●		
Industrials					●	
Information Technology				●		

Who is HOLISTIC WEALTH?

This is the trade name that the Summerland office of Manulife Securities Incorporated operates under. We call ourselves this as most traditional stock brokers and investment advisors do not take the same holistic wealth approach in working with clients. We prefer to take a financial planning approach when advising clients incorporating their debt, insurance and investment portfolios into consideration. We use solutions that people understand and avoid 'synthetic' investment products (such as hedge funds).

We currently advise clients throughout BC, Alberta and Ontario. We are still growing our practice and welcome new clients. If you or someone you feel would benefit from a confidential and complementary consultation, please contact our office.

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