



Market Outlook

Stock market returns in 2015 and this year to date have been difficult for investors. In addition, the Canadian dollar has been on a roller-coaster ride. There are as many arguments for the Canadian dollar to drop back down to \$0.70 US as for it to increase to over \$0.82 US.

Going forward, we anticipate increased volatility. The US and Canadian stock markets are now priced slightly above their historical P/E (price to earnings) multiples. Coupled with only very modest anticipated GDP (gross domestic product) growth, we expect the market returns to be around 5% for the next few years with variations and the possibility of a correction along the way. Despite nine years of unprecedented monetary policy and easing, global growth rates have been only half the rates before the crisis in 2008.

REVIEW OF THE BREXIT VOTE

On June 23rd, the United Kingdom voted to leave the European Union (EU). This has been labeled - BREXIT. The UK prime minister has announced he is stepping down in October and it will take two years for the government to work out the exit details.

This decision effectively means that the UK is cancelling the free

trade and travel arrangements within the EU. All new trade agreements will have to be established. An additional concern is that this may cause a domino effect with other countries holding exit referendums which could result in substantial changes and possible collapse of the EU. This will likely have an impact on GDP growth in the UK, lesser so on Europe (the UK is 17% of the EU's GDP) and an even smaller impact on global economies (the UK is 2% of global GDP). Despite this, it will likely shake up the markets as well as impact global growth during the transition. Britons in Scotland and Northern Ireland voted to remain in the EU while those in Wales and England voted to leave the EU. This could trigger another referendum to see if Scotland and Northern Ireland will break away from the UK and remain part of the EU.

THE US ECONOMY

The US economy has not rebounded as hoped even with their quantitative easing. Therefore, it now appears that the FED will maintain its low interest rate policy for longer than originally anticipated. This could cause a temporary weakening of the USD were it not for the flight of capital to safe havens like the US, Swiss and Japanese currencies following Brexit. The US has an election this fall and it appears that the choice will be between Hillary Clinton and Donald Trump. It appears that Donald Trump is such a flagrant outspoken person that he could damage foreign relations should he get elected and impact their economy and the USD no longer being considered as much

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Market Outlook *(continued)*

of a safe haven. We hope that if he gets elected that he is kept on a leash by his handlers and that his bark is worse than his bite. The anti-establishment sentiment of the voters in the UK and their intolerance to current immigration policies is the same sentiment that may get Donald Trump elected.

THE CANADIAN ECONOMY

Justin Trudeau is projecting to add 100 billion of additional debt during his term in office which will be a financial burden on the tax payers for many years to follow. The good news is that this will create employment and stimulate the economy. Alberta is arguably already in a recession. In addition, Fort McMurray has been impacted with a huge forest fire which temporarily halted oil production and is now resuming. It will take several years to rebuild

the city. As a result of all of these factors, we may anticipate a Canadian recession in 1-3 years as we are overdue.

Going forward, we want to continue to shift into fixed income (specifically Corporate Bond and Floating Rate Bond Funds) as the expected returns are around 4% but with reduced volatility compared to equities/stocks for about the same expected return. Our goal is to be able to have better returns through specific stock selection or through fund selection that actively manage the funds' holdings. If we do get a significant correction, for retirees we can provide cash-flow from the fixed income component which should not be significantly impacted. For wealth accumulators, this may be time to shift out of the fixed income into the equities.



FINANCIAL PLANNING

Job loss can occur to anyone. You may not know that our office has specialized in helping people in transition for many years. There are many unique circumstances that impact someone who has been let go from their employment. If you ever know of anyone that falls into this category, we encourage you to invite them to contact us as soon as this happens to them. Some of the components may include: retiring allowance, conversion of group benefits, conversion of pension to LIRA, RRSP catch-up contributions, pension adjustment reversals, portability of Group RRSP, salary continuance versus lump sum, and continuation of certain benefits.

ESTATE PLANNING

Estate planning is the process of determining your desires and structuring your affairs to match for how you wish to have your assets distributed during your life and when you pass away. It is important for you to think through your wishes and then structure your estate plan accordingly. We can help you explore your options. For example, you can leave assets freely to people (or charities) or you can put restrictions on the assets for a variety of reasons. This can include spendthrift people (preventing them from blowing their inheritance), asset protection from spouses and and former spouses and creditor protection, etc.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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 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.

Len Colman, BA, CFP, CLU

Investment Advisor
Insurance Representative

len.colman@manulifesecurities.ca

Holistic Wealth

(office) 250.494.1130

(toll free) 1.888.403.9392

www.HolisticWealth.ca

P.O. Box 840

103-9523 Main Street

Summerland, BC V0H 1Z0

NEW REGULATION IN OUR INDUSTRY

The regulators have determined that, before you purchase a new mutual fund, we must deliver a Fund Facts document (generally by email) to you. This abbreviated document effectively serves as a prospectus. (In the past you received this with the confirmation slip). Please be prepared as each time we have to request permission to send it to you.