



## Wealth DIRECTIONS

DECEMBER 2020



### K SHAPED RECESSION

#### Economic Outlook

Back in March, it was initially predicted that we would have a 'V' shaped recession.

Then a 'W' (anticipating another correction which could ensure given the second wave).

A new letter has been assigned for the newest prediction! Experts are calling for a 'K' shaped recession and recovery. *(see diagram on right)*

Government bailouts can only continue for so long. The bailouts have been unproductive debt which have replaced lost wages and supported failing businesses. To help the economy, the debt needs to encourage investments or in the form of capital.

The second global wave of COVID-19 and some reversal of the opening of the economy is occurring and many businesses may not survive this next round.

Inflation may appear and then interest rates may start to rise (probably not in the near future). Introduction of vaccines (which may take several years to be globally delivered) are keeping the markets hopeful.

As investors, the business that will face significant challenges are: travel, hospitality and entertainment. (the lower arm of the K). Other businesses such as cellular/internet, utilities, financials will continue to sell their services at profitable levels (the upper arm of the K). We should invest in line with our personal and industry spending patterns. For the foreseeable future, we want to invest in the upper arm of the K.

#### US Election

The election campaign down in the USA could have been a made into a movie drama leaving people on the edge of their seats. The highlight was when Donald Trump was diagnosed with COVID-19 and miraculously recovered in a number of days.

Donald Trump seems to have conceded and Joe Biden is preparing to take over the duties. This will probably assist in 'bending the curve' as Biden is more accepting of mask policies.



This also means that the current economic uncertainty may continue.

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### **Diana is back!**

Many of you know that Diana had shoulder surgery the end of June and in October, she returned (initially part-time) to the office! For those of you who were in contact with our office during this time, you would have realized I am not very good at her job. (She calls it job security). I am glad to have her back.

### **Expanding our office - Our Team is growing**

Thank you for your incredible loyalty! Our practice continues to grow and I am pleased to say that we have a new team member announcement.

Ron Langevin, has recently joined our office and brings over 20 years of industry experience along with him. I have known Ron for almost 10 years and his industry experience includes being a VP and Managing Director for top-tier investment management firms working alongside Investment Advisors by developing a thorough understanding of their investment, business development, and service needs.

He will be joining our office initially as a licensed assistant and will be helping to ensure we continue to deliver the service level and advice that you have come to expect.

### **Answers to your immediate questions:**

**No ...** I have no retirement plans! I just turned 54 and I still have a lot of gas still in the engine. Fortunately, I love my work/career and working with and helping people like you to make a difference in your lives.

**Yes ...** You will continue to deal primarily with me. I really enjoy working with clients.

**No ...** Ron is not replacing Diana. I manage to keep her busy (or is it the other way around?) and she is great at her duties. Ron will be able to help in other capacities. Ron will help in the preparation and servicing of accounts and be able to cover for me when I am out of the office on holidays. (I am not alone in looking forward to when it is safe to travel on vacation once again).

### **NEW SERVICE - Tax Preparation for individuals!**

Tax preparation is a new service Holistic Wealth is offering starting in 2021. Ron and I have taken technical tax courses and subscribed to special tax software to be able to assist you with your tax preparation. This service is part of Holistic Wealth and not part of our Manulife Securities practice.

Please let us know if you would like us to assist you so that we can schedule you in for the tax season. Give us a call to make sure you do not miss the deadline.



### **Year-end tax Tip - Charitable Contributions**

2020 has been an unusual year (to be polite). This year more than ever, many charities have not been able to fund raise as they have in the past and in many cases, the good work they deliver is in greater than normal demand. You have until December 31st to make a contribution.

Did you know ... you can accumulate Charitable contributions for 5 years? You get a much larger tax reduction on amounts over \$200. For example, you contribute \$100 each year. Rather than claiming each year, you would be better off waiting 5 years before claiming them. Talk to us about how we can help you make these decisions.

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. \*Insurance products and services are offered through Manulife Securities Insurance Agency (a licensed life insurance agency and affiliate of Manulife Securities) by Manulife Securities Advisors licensed as life agents.

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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 weighting. Based on the economic outlook, we may 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
<b>Fixed Income</b>						
Government	Long-term			●		
	Mid-term			●		
	Short-term			●		
	Investment Grade				●	
	High Yield			●	←	
	Floating Rate	●				
<b>EQUITIES</b>						
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 under which the Summerland office of Manulife Securities Incorporated operates. This differentiates us from most traditional stockbrokers and investment advisors who do not take the same holistic wealth approach in working with clients. We take a financial planning approach when advising clients, taking their debt, insurance and investment portfolios into consideration. We use solutions that people understand and avoid 'synthetic' investment products (such as hedge funds).

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### THANK YOU

We thank you for your incredible loyalty as a client. We strive to provide our best advice and service. We also continue to grow our business and want to thank those who have encouraged their families and friends to work with us. We continue to appreciate your introduction of us to anyone you believe would be a good fit within our financial planning and investment practice.

We currently advise clients throughout BC, Alberta and Ontario.