

Wealth DIRECTIONs

FEBRUARY 2021



2021 Outlook

Recently, our office attended (online) a presentation where a number of well-respected investment professionals shared their thoughts for the economy and markets for 2021. There were a few comments that stood out.

One was from Pierre Lassonde, CM, GOQ Chairman & CEO, Firelight Investments when he commented (something to the effect of): "In the current socio-economic climate, gains are privatized and losses socialized". In other words, when companies and the economy are in trouble, governments (tax payers) bail them out and when companies are doing well, they make profits. Our thoughts are that this trend cannot continue forever. Resolving the massive public sector debt will lead to many constraints in the future.

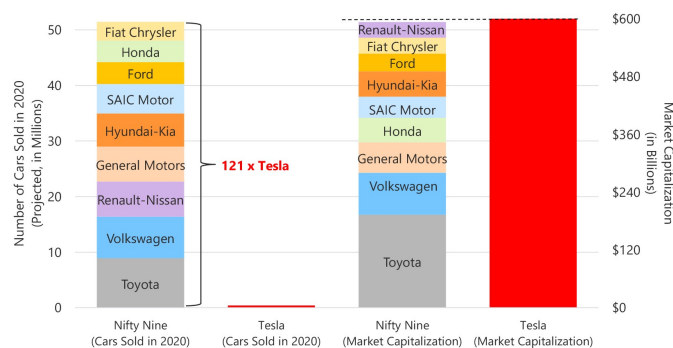
Another presenter was Thomas Caldwell, CM, Founder & Chairman, Caldwell Financial Ltd. who commented about the risks to the market. He said there are two concerns. One is the interest rate component 'if it goes up'. Suggesting that should (or when) interest rates increase, this could put pressure on the markets. The other was that we are in a bubble of tech stocks (using Zoom as an example) and when the bubble bursts wondering if money (flowing out of the tech stocks) will flow into other (value) stocks or if this will drive the overall market down.

It was interesting to note that both of these individuals had been recognized with the Order of Canada.

There are some areas of the market which are acting irregularly. Hedge funds are investment pools for high net worth and sophisticated investors which can invest in areas that mutual funds are restricted from doing. They have different (often higher) risks which is why the regulators restrict average investors from investing in them. The movement to punish hedge funds for shorting stocks by recruiting thousands of small investors to drive up stocks (which are struggling or doomed to fail) is hurting some of the hedge funds. Also this is leaving many small investors crippled with losses as these stocks plummet. In addition, there is FOMO (fear of missing out) which is causing some stocks such as Tesla to trade at unfathomable values.

Tesla's \$608 billion in market-cap could buy the nine largest car manufacturers—with \$15 billion leftover!

"Nifty Nine" Carmakers, Sales, and Market-Cap Compared to Tesla, as of December 7, 2020



Source: Research Affiliates, LLC, based on data from Yahoo Finance, Ychart, and financial reports published by Tesla, Toyota, Volkswagen, Hyundai Motor Company, General Motors, Ford, Honda, Renault, Nissan, and Fiat Chrysler Automobiles. Market-capitalization numbers from Yahoo Finance and Ychart exclude treasury stock.

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We are cautiously optimistic that the markets will continue to deliver positive yet slower growth returns. The obvious concern is the impact the COVID containment measures (closing global economies) will have on business and individuals and future bankruptcies and the negative effect on the economy and markets. A recent research report from Credit Suisse on February 8, 2021, reported that 75% of the 2020 Q4 results for the S&P 500 companies have announced earnings that surpassed estimates by 17% in aggregate with 81% of the companies beating their projections.



RRSPs, TIME & TAXES

The RRSP contribution deadline is March 1st this year. Please let us know if you are planning on and need to make a RRSP contribution.

This year we change our clocks on March 14th. Set your clock forward an hour (unless you have one of those fancy newfangled electronic gadgets that does this automatically) before going to bed on Saturday, March 13th.

As you take time to set your clock, it's also a prudent reminder for most people that taxes are required to be filed by the end of April. Don't forget, if you received CERB (or any of its variations) that this is income to be included on your return. Holistic Wealth now offers tax preparation! (This is separate from our Manulife Securities Incorporated or Manulife Securities Insurance Agency practices). In case you have not already asked us to add you to the list, please let us know if you are interested in having us assist you with your taxes this year.

25 years!

This year marks Len's 25th year in the financial services industry! Between Diana, Ron and Len, we have over 80 years in the financial services industry! Don't worry, we still have lots of gas in the engine.



Welcome Ron Langevin to the team!

Our last newsletter announced that Ron had joined the Holistic Wealth team. As a reminder, Ron has his Chartered Investment Manager (CIM) designation and brings over 20 years of financial industry knowledge working primarily with mutual fund companies. Ron is licensed as a Registered Representative (RR) which means he is able to assist me in gathering information and completing forms as well as to solicit trades and convey my investment recommendations in addition to preparing for meetings. Diana and I have known Ron for a long time and we are thrilled that he has joined our office. Ron lives in the Okanagan and has a 12 year old daughter and 10 year old son.

We cannot say this enough. Thank you for your loyalty! Our practice continues to grow working with incredible clients that are a pleasure to work with. As we grow, I wanted to make certain that we continue to deliver the quality advice and service that you expect. With the addition of Ron, will be able to help ensure this.

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
Fixed Income						
Government	Long-term			●		
	Mid-term			●		
	Short-term		●	←		
	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 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, Ontario & now Nova Scotia!