Manulife Securities HOLISTIC WEALTH®

Wealth DIRECTIONS

SEPTEMBER 2021



Four things to watch out for in the Markets

Stock markets have recovered in anticipation of the global economic recovery. Other than a few things such as a shortage of items due to the supply chain, the global economy is resuming. There are four areas in the markets that cause us concern.

1) Many of the 'clean & green stocks' are trading at bubble prices.

2) There are the zombie stocks to watch out for. These companies are only alive due to government funding or their ability to raise cash through issuing new debt or shares. Once this source dries up, they are financially bankrupt.

3) There are the 'Meme' stocks. Stocks like Gamestop (retail video game sales) are pumped up by the RobinHood investors. This business model is following the route of Blockbuster. Kids order their games online rather than going into a store much like we do with movie rentals now. The long term outlook for many of the 'Meme' stocks is bleak.

4) There are the stocks that are susceptible to the 4th COVID wave. These typically are car rental, hotel, cruise line, movie theatre, and tourism related stocks that have had their revenues the most impacted. They are the last sector of the economy to recover from the COVID restrictions.

Needless to say, we have historically tried to avoid all four of the above themed investing. Sometimes we miss the ride up, but fortunately, we have avoided the crash down.

Examples of our stock selection

Traditionally, we favour dominant companies with barriers to competition that are profitable, share the profits with the investors in the way of a sustainable dividend, provide a product or service that we will need or use in the future, and then we try to buy these companies at an attractive price.

We do look for the 'up and comers' that are more growth orientated to sprinkle into a portfolio. It is hard to know which ones will be successful. Here is an example of one we looked at recently.

All of us in the office are pet lovers. When we learned about this stock (which we have seen ads for while watching Jeopardy), we liked the catchy name (pun intended). The recent research on this stock,

Chewy (CHWY) has very optimistic targets. Upon researching further, the stock is slightly profitable but trading at very high price/earnings multiples (x3,100)! They are an online pet food and supplies delivery company in the USA. It has gone from 4 years of losing less each year to finally turning a very small profit. Sales have almost doubled over the past year. It makes sense that sales are strong during COVID when retail stores in many places were limited or closed and people liked the safety of ordering online. One has to ponder, once we return closer to 'normal', will people continue to order online and wait 3 days for delivery? Or will they go to a local pet store?

The end result is that we added it to our 'watch list' but we would rather buy a stock that benefits from all online activity such as FEDEX (FDX) rather than CHEWY (CHWY).

Changes to our team

We are sad to announce that Diana has resigned. Looking to spend more time around her family (tired of the long commute) she has now taken a position in Osoyoos at a Real Estate Firm. After 10 years we are sad to see her go but want to wish her the best in the next chapter of her life. She truly left behind a large set of shoes to fill (figuratively) and we want to thank her for the years she dedicated to her position here.

Len & Ron are thrilled to announce that Nicole McCullough has joined our office! She has an Honors diploma in Fundamentals of Business Administration from Sprott Shaw College. She has been working at the Summerland District Credit Union for the last five years. Born and raised in Summerland, she is really impressing us with how quickly she is learning every aspect of the position.

Group Benefits

Did you know we offer competitive group benefits for individuals if your company is looking to switch or introduce a benefit plan for insurance protection or retirement? We are able to create customized and personalized solutions based on your specific needs and are available for an initial discussion. Contact us if you are interested in learning how we can work with you.

Insurance Protection

Life insurance provides you the comfort of knowing that those you care about are financially provided for when you are gone. There are two main types. Simply, insurance for if you die (term) and insurance for when you die (permanent). The type you should have depends on how long you need the protection. Another type of insurance is Critical illness insurance. It provides you with protection and funds for you should you have a critical illness (such as a heart attack, stroke or cancer.)

We represent a variety of different insurance providers and would welcome you to review your current plan and provider with us to ensure that all your financial needs are being met.

Post-secondary Education Funding - RESP planning

Now that summer is over, it is time to invest in your child's & grandchild's education funding. This is where Registered Education Savings Plans (RESPs) are best! These Registered plans come with some rules from how the plans are structured, individual or family to contribution limits and requirements. Broadly speaking, you can invest into a RESP for your child/children and the government will contribute 20%. There is up to $7,200 in government grants available per child. Additionally, to this, BC residents can receive an additional grant of $1,200 from the province if applied for after the child turns 6 and before their 9th birthday. We will take the stress away of missing out by ensuring that all grants are applied for. All you have to do is sign the paper when the child is eligible. Very little tax is paid when the funds come out to support the expenses of post-secondary education. RESPs can invest in all the same variety of investments as other investment accounts. Let us show you how you can receive the government grants and build up a large amount for your child's education costs.

What is Estate Planning?

Estate planning is planning for what you want to happen with your assets after you are gone. The goal is to minimize taxes paid and probate fees. This can include strategies such as insurance, naming beneficiaries, creation of a trust. Of course, this also should involve a well-structured and written will with the expertise of an estate lawyer.

Estate planning does not begin, or end, at a specific age. For younger adults, it can include ensuring that there are sufficient proceeds for your loved ones and making provisions for who would care for any dependents should the need arise.

Let us know if you would like to schedule an appointment with us to review, establish and answer any questions you have regarding your estate plan.

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 & Nova Scotia!