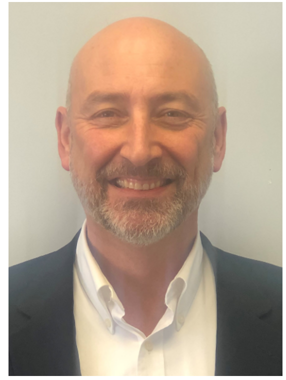
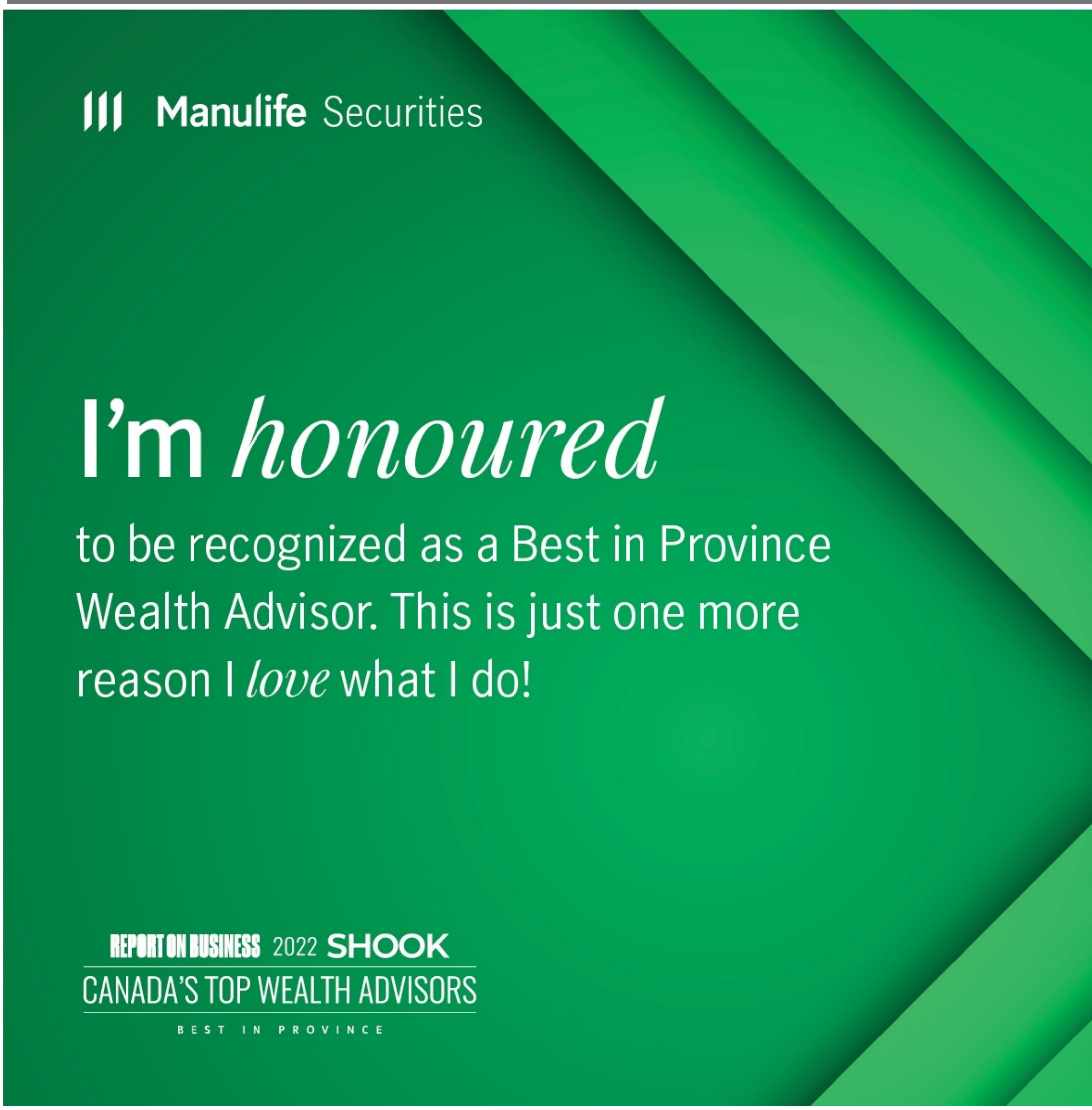
Manulife Securities HOLISTIC WEALTH®

Wealth DIRECTIONS

Spring 2023





Canada's Top Wealth Advisor: Best in Province ranking!

We are very excited to share that this past November, yours truly, Len Colman was recognized by the Globe and Mail as one of Canada's Top Wealth Advisors in Canada for the Best in Province ranking!

We are proud to say that this is due to our Holistic Wealth process. This process enables our entire team to deliver superior advice and service.

It's a Wonderful Life

One of my favourite movies at Christmas is the movie It's a Wonderful Life staring James Stewart as George Bailey. This movie is the best way to understand the recent banking crisis in the United States with the smaller regional banks such as Silicon Valley Bank.

The clients with bank deposits got scared and started to cash in their savings and the bank did not have the liquid deposits available to meet the withdrawal requests as they had lost money on its investment in long term bonds with the recent rise in interest rates.

In Canada, the banks generally have $100,000 of CDIC investor protection. In the US, the equivalent is $250,000. For most individual investors, this is more than sufficient. If you have more that $250,000 of savings (in the USA), you would likely divide it between two or more different banks. This works easily for individuals. Now imagine you are a medium or large business. Your routine payroll could easily be in excess of $250,000 and your businesses would have much more than the protection limits on deposit. These are the ones that were most scared (justifiably).

The US government has intervened and bailed out some banks, and they will be adding additional stress tests. Canadian banks are far less leveraged as they have much more stringent regulations than the US banks and should not be a concern.

Recession – are we in one yet?

Canadian interest rates seem to have leveled off however the US and UK recently increased their rates further. The reason this is done is to try to reduce inflation. By raising interest rates, it increases the carrying cost of debt to individuals and businesses and slows down the economy.

Traditionally, in past recessions, job loss has incurred and real estate prices decline as people can not qualify to borrow as much. Stock markets historically decline in advance of the recession which we have witnessed.

So far in Canada, there have been very few job lost announcements. Where we have seen the cuts are in the technology, crypto & fintech sectors (especially in USA) and a few stores such as Lowes, Bed Bath & Beyond and Nordstrom's have announced they are closing in Canada.

We are not seeing a rise in unemployment as too many baby boomers are retiring (we are 10 years into the 20-year cycle) and there is not sufficient young people or immigration to fill the jobs. This means that before a company can decide who to lay off, more people announce they are retiring and now they need to actually hire in the recession.

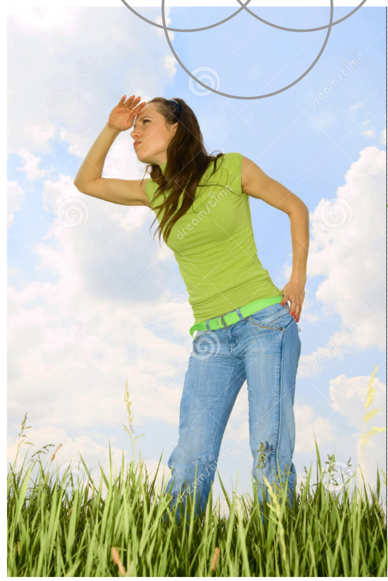
This may sound a little repetitive from previous newsletters, but given all the noise in the financial media, it is worth repeating.

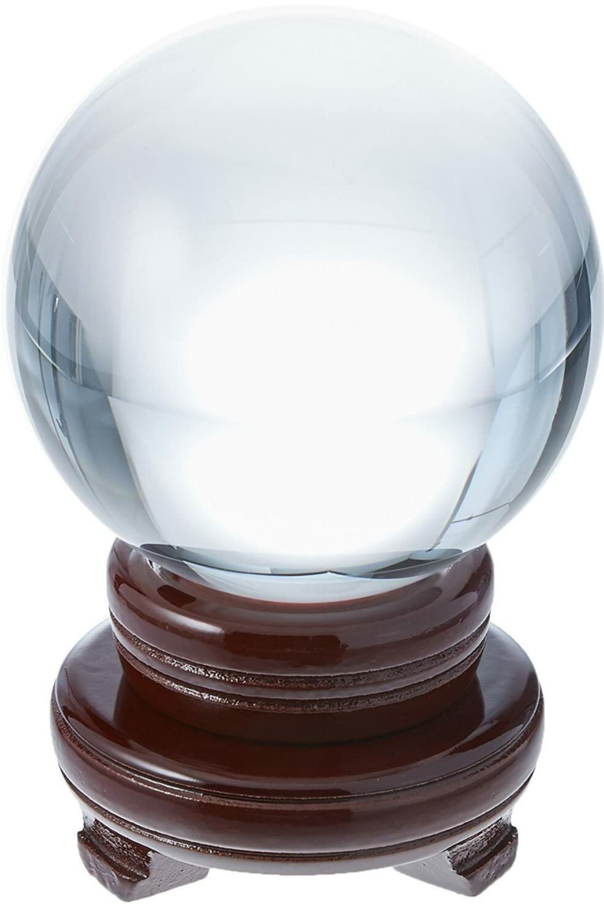
What strategy is best going forward?

This may come as no surprise; our strategy remains constant. We use our © Holistic Wealth five step financial planning process before building an investment portfolio. This integrates your liquidity (need for lump sum of cash), income (current and anticipated needs), time horizon, risk comfort and tax optimization.

We can then build a © Holistic Wealth designed investment portfolio using our original five step process. We look for companies that have barriers to entry (hard for new competition), dominant in their industry (you have probably heard of them), profitable, share their profits with the investors (strong bias towards dividend paying companies), that make a product or service we will still need 5 years from now. We then add two more steps and we look at the total debt and the quick ratio (short term bills due compared to cash available) and buy them at an attractive price.

We manage risk by limiting individual company exposure and by diversifying by industry sector tilting to over weight or underweight sectors depending on the market environment. Over the years, this has produced favourable results with much more downside protection.





What is in our crystal ball?

There is an expression that if you make enough predictions, some of them will come true.My father (my mentor) taught me it is better to be approximately correct than precisely wrong.With that in mind, here are some predictions for the next five years.

·The Canadian government will introduce some tax incentives to encourage seniors to continue to work longer due to the shrinking labour force.

·The global economies will have reduced productivity resulting in lower investment returns.

·Real estate prices will decline further as the impact of variable rate mortgages and traditional mortgages renew reducing the amount people can borrow with higher mortgage payments. (This could be offset due to a housing shortage)

·Interest rates will come down much more slowly than they increased.

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).

Len Colman, BA, CFP, CLU
Senior Investment Advisor,
Manulife Securities Incorporated
Insurance Representative,
Manulife Securities Insurance Agency
len.colman@manulifesecurities.ca

Nicole McCullough
Administrative Assistant
Manulife Securities Incorporated
Manulife Securities Insurance Agency

Holistic Wealth®
Manulife Securities Incorporated
(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