

# Wealth DIRECTIONS

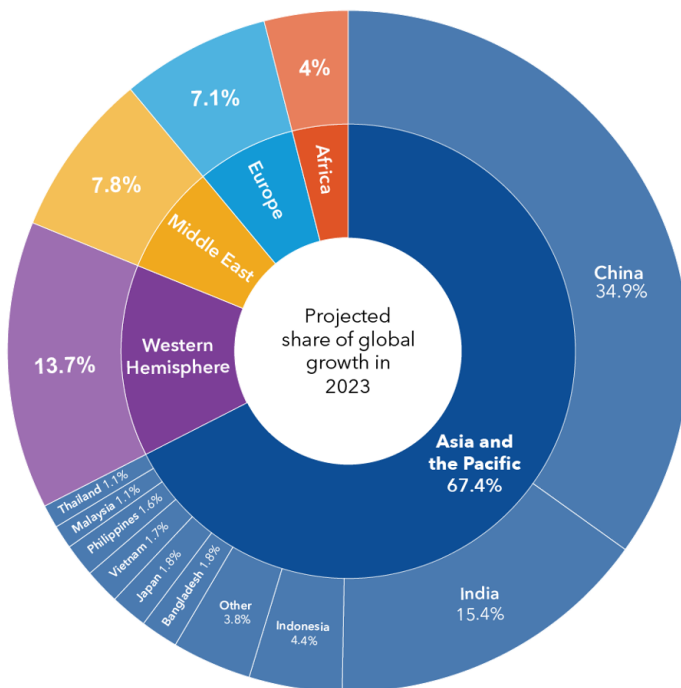
June 2023



## Emerging Markets and Asia and the Pacific

### Bigger driver

Asia will contribute about 70% of global growth this year.



Source: IMF, World Economic Outlook, April 2023.  
Note: Groupings based on IMF Regional Economic Outlook classifications.

**IMF**

Recently, the International Monetary Fund (IMF) expressed that 70% of the global growth will come from Asia and the Pacific regions.

In earlier newsletters, we indicated that increased productivity and increased population are required for growth. This region has both of these!

As an investor, this region can sometimes be more volatile due to both the emerging markets and due to foreign currency exposure.

Despite this potential increased volatility, it may be one of an important part of a diversified portfolio to consider. Over the long run, this exposure may deliver strong returns.

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## Bank of Canada rises rates again!

On June 7th, the Bank of Canada raised rates again. This brings the rate to the highest it has been since 2001! They did this to try to reduce inflation which is squeezing the pocketbooks of Canadians.

When people and companies spend more on servicing debt, they have less to spend and the economy contracts.

As mentioned in earlier newsletters, there are a few things that make this recession different from previous ones. Canada has near record low unemployment (as of April 2023 - Stats Canada). Although we are starting to hear about more layoffs.

Many companies (especially the ones we favour) continue to be profitable and continue to pay dividends. There will be some companies that are not profitable that will have financial difficulties should their revenues decrease. This is referring to publicly traded companies (stocks).

Many Canadian small businesses (private companies) may fail this year. Many struggled during COVID and are barely getting by. Revenues may slow due to Canadians having less to spend.

Many of these companies received loans from the government during COVID and these need to be repaid by the end of the year. There will be pressure on the government to extend these loans as repayment may shutter these businesses.

### Holistic Wealth Bursary at Summerland Secondary School

Nicole McCullough, Administrative Assistant (a SSS grad herself) presents the first Holistic Wealth Bursary Award to a deserving graduating student! We are so thrilled to be able to assist in their continuing education.

This Bursary is awarded by 1273378 B.C. Ltd operating as Holistic Wealth.



### Things we avoid - especially in this economic environment

For some reason, my Facebook feed has recently become populated with adds offering investments in private mortgages and investments in private equity claiming higher returns and that pension funds have been 'doing' this for years. I saw no disclaimers about the inherent risk and needing to be a sophisticated investor.

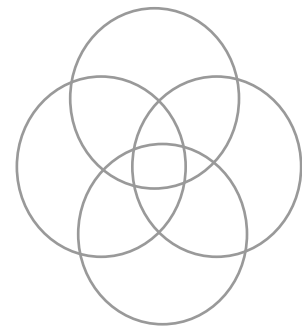
**Private mortgages** are at higher interest rates due to the risk. If you are borrowing money and you are a good risk, you would go to lower borrowing costs. This becomes more times. The investments often have limited or

**Private equity** is investing in private companies. This means they do not have limited liquidity. The reporting requirements in private companies is not as stringent.

Over the years. There are examples where the investments went sour and people were not able to

redeem the investments and ended up eventually with much less than they invested.





## Finances are Still the #1 Stressor for Canadians

This June, FP Canada released the results from the 2023 Financial Stress Index. A few of the findings were:

- Money is the biggest stress for 40% of Canadians (up from 38% last year)
- 48% of Canadians have lost sleep over finances (up from 43% last year)
- 36% of respondents have experienced mental health challenges This may come as no surprise to financial stress (up from 35% last year)

## There is Good News

- Those that work with a financial planner reported significantly lower levels of stress!

Source: FP Canada June 15, 2023

## This is a good time to help friends and family

How you ask? We are still accepting new clients!

Our only criteria is that they are nice people. We are very lucky that we truly enjoy working with each and every client and we truly appreciate your loyalty.



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## What is in our crystal ball?

- Going out on a limb, Apple will buy Disney! It needs the content for Apple Plus. It might be cheaper to buy Disney than create new content. Disney is valued at 168 Billion which is less than half what it was worth just over two years ago. Apple could then continue to own or sell off the theme parks and cruise ships. (I heard this idea on a pod cast and after thinking about it - it makes sense. Yes, I listened to a podcast!)
- Donald Trump may have gone too far. He might not face time in prison but he may not be the Republican presidential nominee.
- The Canadian government will extend and possibly offer more favourable repayment terms on the CEBA (business loans) to prevent a significant rise in closures.

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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					➡	●
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 complicated investment products.

### Len Colman, BA, CFP, CLU

Senior Investment Advisor,  
Manulife Securities Incorporated  
Insurance Representative,  
Manulife Securities Insurance  
Agency  
[len.colman@manulifesecurities.ca](mailto: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](http://www.HolisticWealth.ca)

P.O. Box 840

103-9523 Main Street

Summerland, BC V0H 1Z0

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