Future Financial News

Certified Financial Planners, Chartered Financial Consultants, Chartered Life Underwriters

SUMMER 2019 NEWSLETTER

Carl Eppstadt, Financial Planner, ***CLU, CHFC, CFP, CHFS***
Julie Westall, Financial Planner, ***CFP, CIM***
Hannah-Lynn Bull, Administrative Assistant

Carl's Comments

I'm fresh off the heels of the Worldsource Top Performers conference which was held in lovely Québec City. On my drive down I couldn't help but notice just how much farming land was underwater. Farmers were even incapable of getting their equipment on land that wasn't underwater as it was still so wet. I can only wonder what this will do to our food costs later this year.

Three days of meetings included multiple speakers covering topics from macroeconomics to the habits and behaviours of millennials. Multiple indicators still point towards respectable growth for 2019, though with more moderate momentum than a year ago. There are some concerns about the looming end of the economic expansion and the bull market. Talks of trade tension slowdowns have central bankers planning their course of action. The risk of inflation pressure is low and most agree we will see rate decreases over the next year or so. The feeling remains that we are late in the ballgame but we could go into extra innings and must manage for these risks in the market.

The impact of technology and trends most affecting advisors was the next topic for discussion. In an effort to further develop our Dataphile technology platform, a priority list was established to benefit both advisors and clients. New features include; E-Signature, ETFs launch, InvestorNet enhancements and Nominee RESP launch.

One of my favourite managers, Oscar Belaiche from Dynamic, gave an insightful presentation on portfolio construction with opportunities and challenges of incorporating alternative investments into a portfolio. Oscar has a proven track record of prudently deploying alternative investments into a number of investment funds he manages. Alternative investments are used to enhance income and diversification and to protect investors capital. Alternative investments include global investments in infrastructure, real estate, option writing (puts/calls), private equity and real assets.

Next came a interesting session on avoiding capital gains through charitable giving when making in-kind donations. It definitely opened everyone's eyes into a win-win situation with the client and the charity, at the expense of Revenue Canada.

Guardian Capital discussed three of their Engineered Solutions funds. The primary goal of these actively managed funds is to provide an investing safety net when investing in equities. By buying puts (protect on downside) and writing calls (pays for cost of puts) you achieve reduced volatility, capital protection, income and growth. More on this later in the newsletter.

Socially responsible investing (SRI) is becoming more of a theme among millienials. Investing this way is good for our planet and the investor. Not only do millennials believe that their investments can create positive change, but performance often does not suffer. We have a number of investment options that may be of interest to you.

Discussions continued with topics involving life transitions and how major life events can be very stressful on our clients and their families. However, with a solid financial plan we can reduce stress by planning for the unexpected, providing clients with the assurances and the peace of mind that their wealth and families will be protected.

My favourite session was how almost 10 million millennial Canadians are changing our whole way of doing everything. They are disrupting how things have been done for years. Examples include the absence of land line phones, taxis, hotels, travel agents, cable TV and soon to be shopping malls, news papers and napkins (hint: they use paper towels). The world is a constantly changing place and we ought to embrace it all. "It is not the strongest or the most intelligent who will survive but those who can best manage change." -- *Charles Darwin*

Guardian Engineered Solutions

Clients are telling us three main objectives as their needs shift from accumulation to preservation/decumulation.

1) They Need Income
2) They Want Growth
3) They Don't Want to Lose any Money

Guardian has a suite of investment products that allow you to stay invested but with a safety net. This safety net protects market risk on the downside but still allows you to take advantage of upward movements in the market.

<u>Risk Managed Conservative Portfolio</u>

- Very conservative/defensive – for GIC type investors.
- Combines SteadyPace, SteadyFlow and other asset classes (bond funds, Global dividend fund)
- 70% equities, 30% bonds
- 4% annual distribution, paid monthly.

<u>SteadyPace</u>

- Invest in equities without losing sleep, defensive.
- 100% global equities.
- 4% annual distribution, paid monthly.

<u>SteadyFlow</u>

- Hybrid solution. Invest in equities but managing for volatility.
- 100% global equities.
- Pays higher monthly income.
- 6% annual yield, paid monthly.

So how does this all work? The manager buys Puts on each holding which protect the stock price from falling too far. If the trigger price is hit, the stock is sold. To pay for these Puts, the manager sells Calls. In SteadyFlow, there are no Puts, but just Calls which help to pay for the higher need for cash flow. The risk is that if you protect on the downside, not all of the upside can be realized. However, this may be an ideal solution for those who need income, want growth and don't want to lose money. Guardian products are available within a Nominee/Self Directed account. If this sounds like a product for you, please speak to Carl or Julie.

ETFs – Coming Soon!

Exchange Traded Funds (ETFs) will be available later this summer as another investment option in our suite of investment products. Similar to SteadyPace, SteadyFlow and Risk Managed Conservative Portfolio, ETFs must be purchased in Nominee/Self Directed accounts and also under the PureFlex program. If you are interested in learning more, please contact Carl or Julie.

Reforming Advisor Titles

As we continue to further strengthen professional standards and enhance industry transparency, there are likely to be further restrictions on what Advisors can call themselves. We are extremely pleased with this initiative as the term Financial Planner is often used very loosely and without merit. The reforms are intended to provide investors with greater clarity on what they should expect from Advisors, thereby increasing public confidence in financial planning as a specialized area of expertise.

There are four main proposed titles, each with a corresponding set of clearly defined requirements:

- **Financial Planner**, for Advisors with recognized financial planning credentials
- **Securities Advisor**, for Advisors registered with investment dealers
- **Investment Funds Advisor**, for Advisors with mutual fund dealers
- **Portfolio Manager**, for investment dealer portfolio managers.

If the Canadian Securities Administrators moves forward in this direction, these titles would likely be paired with service standards best aligned with their particular duties, helping to mitigate conflicts of interest.

To RRIF (at 71) or Not To RRIF

Should you wait as long as possible to convert to a RRIF? The current rules state that you must convert your RRSP to a RRIF no later than the year you turn 71. The minimum withdrawal would then occur in your 72nd year. Many factors influence the timing of your decision to RRIF including, the need for income, option for pension income splitting, applying for pension tax credit, type of retirement income (employer pension or other income), tax bracket (now and future). Don't assume that waiting until age 71 is the best option. Give us a call and let's chat.

> Benjamin Graham: "In the short run, the market is a voting machine but in the long run, it is a weighing machine."

It's Tough to be a Long Term Investor

In today's environment, social media, technology and constant flows of information are making it more difficult to be a long-term investor. Think about it – people are continually on the move these days, keeping up with the latest trends and buying into the next big thing (Beyond Meat Inc. started trading in May and is up 133%). Short term decisions focus on the here and now, however, they can't guarantee long term results.

Predicating short term stock price movements is so much more difficult than determining their long term value. No amount of analysis will reliably tell you what the price is going to do in the next week or even the next year. *The shorter your time horizon, the more you are speculating and the less you are investing.*

Here are some tips to keep on track:

- ✓ Start investing early
- ✓ Be clear on the purpose and time frame of the money
- ✓ Set realistic expectations
- ✓ Separate emotions from objectives
- ✓ Make investing automatic (routine contributions)
- ✓ Measure progress against long term goals

Source: Financial Post It's getting harder to be a long-term investor: Here's how to keep your focus on what really counts. June 14, 2019

RDSPs Can Maximize Your Savings

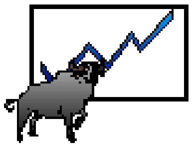
If you or someone you know has a disability and is eligible for the Disability Tax Credit (DTC), don't ignore the power of a Registered Disability Savings Plan (RDSP).

An RDSP is a government incentive savings program that provides sizeable grants and/or bonds for people with disabilities. As an example, a $1500 contribution could earn as much as $4500 from the government. Even if you don't contribute any of your own money, you may still receive up to $1000 per year in bonds to a maximum of $20,000.

RDSPs are also a great way to shelter taxes on investment growth while building a long term financial cushion and RDSPs will not affect ODSP payments. Grants can be paid until the beneficiary is age 49 and carry forwards of missed grants are possible. Contributions can be made up to age 59 and payments from the plan must begin at age 60. There is a formula for the withdrawal schedule to ensure a regular income stream. Early withdrawals are possible however, grants/bonds may be clawed back. Not all companies offer RDSP plans, so if you or someone you know would like more information, please contact the office.

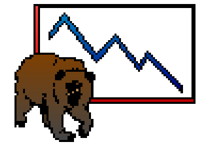
WORLDSOURCE FINANCIAL MANAGEMENT INC. MUTUAL FUND DEALER

Future Financial™ Planning Group



FFPG FUND REPORT

Compounded to July 1, 2019



Fund	YTD	1 yr %	3 yr avg %	5 yr avg %	10 yr avg %
CANADIAN EQUITY FUNDS					
Dynamic Equity Income Sr. A	14.38	9.43	9.18	6.84	10.95
Fidelity Canadian Large Cap Sr. B	5.42	3.87	3.48	4.89	11.21
Fidelity Canadian Growth Sr. B	25.52	1.34	10.50	12.26	14.27
Fidelity Dividend Plus Sr. B	9.85	8.81	3.47	5.61	10.09
IA Clarington Strategic Equity Income Sr. A	10.40	5.86	6.47	3.76	n/a
Sentry Canadian Income Sr. A	10.12	0.12	3.26	3.71	10.20
US/INTERNATIONAL/GLOBAL EQUITY					
Dynamic Global Discovery Sr. A	14.27	8.94	13.55	13.14	11.72
Invesco Global Endeavour Fund Sr. A	7.28	-1.66	8.28	8.21	12.68
Sentry U.S Growth & Income Sr. A	12.01	5.92	11.68	10.90	n/a
BALANCED FUNDS					
CI Signature Canadian Balanced Cl. A	9.03	-0.97	5.65	3.36	5.99
Fidelity Income Allocation Sr. B	6.19	5.37	2.90	4.12	7.94
Fidelity Monthly Income Sr. B	8.31	5.50	3.32	3.85	7.53
Fidelity Canadian Balanced Sr. B	11.48	4.84	5.11	5.13	7.20
Edgepoint Cdn Growth & Income Port Sr. A	10.88	0.55	6.67	4.66	8.56
Mackenzie Canadian Growth Balanced Sr. A	14.71	6.37	9.76	9.36	7.96
GLOBAL BALANCED FUNDS					
BMO Tactical Gl Growth ETF Advisor Series	9.69	3.45	8.07	n/a	n/a
Dynamic Global Strategic Yield Sr. A	9.48	6.67	n/a	n/a	n/a
Dynamic Global Asset Allocation Sr. A	10.37	7.57	9.82	10.45	10.32
Edgepoint Gl Growth and Income Port Sr. A	8.18	2.07	11.23	9.56	11.12
Fidelity Global Balanced Sr. B	8.58	2.88	5.86	6.22	8.04
SMALL/MID CAP FUNDS					
Dynamic Small Business Sr. A	12.38	-0.95	5.45	4.02	10.01
Fidelity Small Cap America Sr. B	13.35	9.89	9.53	12.76	17.50
IA Clarington Canadian Small Cap Sr. A	10.60	-2.93	3.67	1.63	10.28
Mackenzie US Mid Cap Growth Cl. Sr. A	16.38	12.40	17.30	13.99	14.26
Sentry Small / Mid Cap Income Sr. A	10.05	-1.84	7.13	4.43	14.16

All Mutual Funds Sold by Prospectus Only & Alternative Funds Sold by Offering Memorandum

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