Kleinburg PRIVATE WEALTH

Carte WEALTH MANAGEMENT INC.

KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 11, ISSUE 12

DEC 2022

"If there's a recession, I'd buy stocks. That's when you make money: when markets are spooked." **Ben Stein**

Sergio Simone
EDITORIAL COMMENT

Kristina De Souza, CFP
NAVIGATING LIFE TRANSITIONS

Ryan Simone, CFP, CLU, CHS
CAN AN EXECUTOR QUIT?

EDITORIAL COMMENT

Sergio Simone

With the holidays in sight and a new year around the corner I thought I would take this time to offer my views on 2023.

I am going to go out on a limb and state that I believe "the worst is over"……sort of.

While I do expect the economy will deteriorate in 2023 as we hit the effect of the Central Bank interest rate increases head on, I believe that we have seen the worst of the equity market returns. Rate increases generally take 6-9 months to make their way through an economy and have their intended effect, which is to slow things down. Recent data is showing that we are beginning to feel the pain that comes with an economy that is being artificially pushed into a forced slowdown.

NAVIGATING LIFE TRANSITIONS WITH A CHARTERED FINANCIAL DIVORCE SPECIALIST

Kristina De Souza, CFP

In my ongoing quest for knowledge and seeking out opportunities to become a better financial planner, I came across a relatively unique pocket of my profession. I am pleased to announce that through **The Academy of Financial Divorce Specialists** I have been granted the **Chartered Financial Divorce Specialist Designation (CFDS)** following successful completion of an extensive training program and case study exams. Only those with a financial designation such as a Certified Financial Planner (CFP) or accountant (CPA) can earn this advanced accreditation which involves detailed analysis of the many financial aspects of separation and divorce and the use of specialized computer software.

CAN AN EXECUTOR QUIT?

Ryan Simone,
CFP, CLU, CHS

An executor has a fiduciary duty to administer an estate in the best interests of the beneficiaries. That means you can't just give up and say "I'm not doing this anymore" without finding a replacement. Whether you formally accept the role or simply assume the position by starting to administer the estate, you will be obligated to either finish the task or find someone else. Failing to do so means the executor can be liable by the beneficiaries for any loss in value to the estate.

But what if an executor is simply unable to perform the role? Such a circumstance could arise due to health issues or incapacity, a job change, or a move to another province or country. Estates can be complex and take years to administer.

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CONGRATULATIONS KRISTINA de SOUZA!

The face of wealth is changing: the share Canada's financial wealth in women's hands is expected to surge exponentially this decade. Reflecting that ongoing transformation and better address the needs of women in shaping their financial future, the country's wealth industry is working to bridge gaps in representation and create opportunities for exemplary female leadership.

To recognize the agents driving transformation across Canada's wealth management industry, the Wealth Professional team invited nominations for the most exceptional women leaders via an expansive survey process done in partnership with Women in Capital Markets (WCM), a national not-for-profit organization focused on building equity literacy, amplifying diverse talent, and uniting Canada's finance industry.

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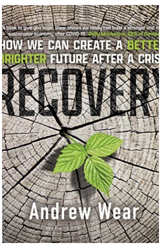
BOOK OF THE MONTH

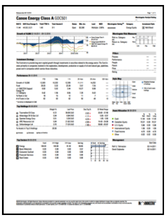


RECOVERY

- by Andrew Wear

Humanity has recovered from many crises in the past - war, depression, pandemic, natural disaster. Recovery is about how we have often bounced back, to create a better future. The Spanish flu was followed by the economic prosperity of the Roaring '20s. After World War II, the German economy grew to become the world's most advanced. US social and economic policies responding to the Great Depression paved the way for 20th-century prosperity. As we emerge from the COVID-19 health and economic crisis, what can we learn from other recoveries? Through interviews with experts, policymakers and community leaders, Andrew Wear explors what went well, what we should do differently and what the lessons might be for the recovery ahead of us.

FUND OF THE MONTH

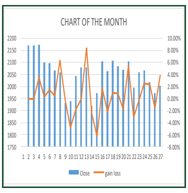


DYNAMIC POWER AMERICAN GROWTH FUND

This is a fund managed by Noah Blackstein that we have recommended for more than 15 years. It has a 10-year compound rate of return of 15.9% as at December 9, 2022. The fund has had a –42.90 year-to-date return. Knowing Noah's history we feel this is a great time to invest in the fund. Following is a brief commentary by Noah Blackstein on his fund's historical performance.

Click to continue reading

CHART OF THE MONTH



A GLOBAL VIEW BUILT ON SECTOR INSIGHTS

Index returns can vary greatly year over year but there can also be significant performance differences between the sectors that make up the index. Mutual Funds that exclude specific sectors can therefore miss opportunities to grow, or provide diversification benefits, to their portfolios.

Monevator

BLOG OF THE MONTH

EMERGENCY FUND—HOW MUCH TO SAVE, WHERE TO KEEP IT, AND WHEN TO USE IT

When you've got a job and good health and your income exceeds your outgoings, setting cash aside might not even occur to you. But without savings, you're walking a tightrope – and the smallest shove can send you into the abyss.

You might not be hit by one of the life-changing shocks that kicks people on to the streets. But there are plenty of smaller things that can go wrong: Your income may drop unexpectedly, and no longer cover your essential expenses. A member of your family could get ill, and you want to hurry forward treatment. Something might blow up – from the archetypal boiler to a car engine. The roof could literally fall in. A far-flung relative could get married or get cancer. Either way you might want to fly out to be with them. Your investment platform could go bust, leaving you in need of some other source of cash to live on while the administrators clean up the mess.

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PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS

WP WEALTH PROFESSIONAL

FOUR EFFECTIVE ESTATE PLANNING STRATEGIES FOR HIGH-NET WORTH CLIENTS

It's important for clients to have a good estate plan in place, regardless of their wealth – but it's even more critical if you have high net worth clients who may have extra responsibilities.

"The more money a family has, the more complicated their estate planning is going to be," Lorn Kutner, a tax consultant of the Toronto-based Northwood Family Office, told Wealth Professional.

WealthManagement.com

HNW CLIENTS' 2023 FINANCIAL GOALS

Clarfeld/Citizens Private Wealth recently polled 200 high-net-worth investors (defined as with $2 million or more of investable assets), asking about their spending and investing plans in the year ahead as well as their top financial goals.

According to a press release about the survey, included among the key findings was that a majority (80%) of those surveyed plan to spend the same amount (51%) or more (29%). The respondents indicated they are most likely to allocate additional resources to travel (51%), their businesses and/or franchises (13%) and real estate (10%) in the new year.

ThinkAdvisor ALM

WHERE THE WEALTHY PLAN TO SPEND, INVEST MORE IN 2023

Eighty percent of high- and ultra-high-net-worth Americans plan to spend the same amount or more in 2023 than they did this year, according to research released this week by Clarfeld Citizens Private Wealth. The study found that 51% of wealthy Americans will allocate additional resources next year to travel, 13% to their businesses and/or franchises and 10% to real estate. The findings also showed that 87% of study participants expect the U.S. to enter a recession soon, if it has not already done so. Thirty-one percent said inflation will have the biggest negative effect on their financial portfolios, while 27% cited market volatility and 11% rising interest rates.

empaxis. data-driven

WEALTH MANAGEMENT TRENDS 2023

The wealth management trends for 2023 show new approaches will be needed to thrive in the current climate. Just as the world is moving past the worst of the COVID-19 pandemic, inflation and headwinds dominate the headlines.

These developments will affect the way wealth managers think, invest, and operate, in addition to other factors. While there will be difficulties, there are opportunities for those who adjust and adapt.

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CORPORATE CULTURE

Benefits CANADA

SUPER-PRIORITY BILL A MAJOR CONCERN FOR DB PLAN SPONSORS: REPORT

A bill intended to provide defined benefit pension plan members with super-priority should be a major concern for Canadian DB plan sponsors, according to LifeWorks Inc.'s latest monthly pension indices report.

"While the goal of [Bill C-228] is to protect the pensions of members and retirees in the event of a company's insolvency, it could have adverse consequences for certain companies that sponsor DB pension plans," said Gavin Benjamin, a partner in LifeWorks' pension and benefits solutions business, in the report.

Taxpage.com All the tax help you need

TAX MINIMIZATION

TAX PLANNING – INCOME SPLITTING

A Canadian taxpayer's income tax bracket and therefore the income tax liability depends on the absolute amount of the taxpayer's income because the higher theincome the higher the income tax bracket and the percentage of income tax paid. Income splitting is a tax planning strategy whereby one taxpayer transfers a portion of his/her own income to another taxpayer who is taxed at a lower tax rate. There are various income splitting techniques that can be used.

spiceworks

12 CYBERSECURITY TRENDS EVERY CISO MUST PREPARE FOR IN 2023

Despite security teams' efforts, the cybersecurity landscape seems to worsen every year. Our experts share top cybersecurity trends that will help security leaders to strengthen their organization's security posture in 2023 and beyond.

Work from anywhere and the relentless shift to cloud computing services have accelerated cybersecurity risks in companies. According to a 2020 survey by BakerHostetler, the most common cyber attacks experienced by US companies are phishing (38%), network intrusion (32%), inadvertent disclosure (12%), stolen/lost device or records (8%), and system misconfiguration (5%).

CEOWORLD Magazine

THE POWER OF WE IN 2023

Tis the season for reflection – a time to learn, grow and appreciate all that's good in this one precious life of ours. As I look back on the past year, it's easy to point out where I could have done more, how I could have done better, or whether I served the people I care about personally and professionally to the best of my ability. I am constantly learning how to be a better husband, dad, and professional. I learn from my mistakes, celebrate my small wins, and strive to do better in every aspect of my life. But that doesn't mean that after 63 years, I still don't have a lot of work to do.

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FUND MANAGER COMMENTARY


JASON REED
QV INVESTORS


STEVE DIGREGORIO
CANOE FINANCIAL


GREG VALLIERE
AGF INVESTMENTS INC


DAVID FINGOLD
DYNAMIC FUNDS

Jason Reed, Investment Counsellor

QV Investors

INVESTING IN CHINA

Clients have been asking us how we feel about investing in China, especially after the market impact of Russia's invasion of Ukraine. While QV had no direct investments in Russia, and still does not, the QV Global Equity Strategy currently has a small weight in China. The opportunity and risks that we see in China are discussed below.

Steve DiGregorio, Vice-President and Portfolio Manager

Canoe Financial

Growing Your Bond Portfolio Is Not A Bad Place To Be Right Now

Steve DiGregorio, vice president and portfolio manager at Canoe Financial, joins BNN Bloomberg to talk about why the balanced portfolio is back. DiGregorio says we're back to some sense of normality in the markets and the bond side of your portfolio could protect you if the economy sees a hard landing next year.

Greg Valliere, Chief U.S. Policy Strategist

AGF Investments Inc.

Ten Reasons For Optimism

THE MARKETS HAVE CONCLUDED that a recession is likely next year — will this become a self-fulfilling prophecy, as the Federal Reserve's medicine kills the patient? The stock market seems shrouded in gloom.

David Fingold, V.P. and Senior Portfolio Manager

Dynamic Funds

Bitcoin's 'Artificially Induced Last Gasp Before The Road To Irrelevance'

It's no surprise that central banks are generally not favourably disposed towards crypto. It's no secret that the European Central Bank is more hostile than most to crypto. But even for the ECB, the blog it just published is the equivalent of a two footed, studs first, Sunday league tackle. (HT Katie Martin)
The value of bitcoin peaked at USD 69,000 in November 2021 before falling to USD 17,000 by mid-June 2022. Since then, the value has fluctuated around USD 20,000. For bitcoin proponents, the seeming stabilization signals a breather on the way to new heights. More likely, however, it is an artificially induced last gasp before the road to irrelevance

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LINKS

U.S SERVICE SECTOR GROWS, ADDING PRESSURE ON FED	THE BIGGER BANG RRSP STRATEGY	TURNING LOSSES INTO TAX ADVANTAGES
FED'S POWELL: RATE HIKES TO SLOW, BUT ADJUSTMENT JUST BEGINNING	CANADA UNEMPLOYMENT RATE	BANK OF CANADA INCREASES POLICY RATE TO 4.25%
OVER HALF OF MORTGAGE BORROWERS CONCERNED ABOUT RENEWALS	A YEAR OF PAIN: INVESTORS STRUGGLE IN A NEW ERA OF HIGHER RATES	CONSUMER DEBT CLIMBS TO HIGHEST LEVEL SINCE EARLY PANDEMIC, UP 7% SINCE LAST YEAR

OSC ONTARIO SECURITIES COMMISSION

SEGREGATED FUNDS EXPLAINED

Segregated (or seg) funds are an investment product sold by life insurance companies. Unlike mutual funds, segregated funds provide a guarantee to protect part of the money you invest (75% to 100%).

NORTHERN TRUST

CAPITAL MARKET ASSUMPTIONS FIVE-YEAR OUTLOOK

Every year, Northern Trust's Capital Market Assumptions Working Group develops forward-looking historically aware forecasts for global economic activity and financial market returns that drive our five-year asset class return expectations and inform our asset allocation decisions.

We expect market returns to drift modestly below long-term historical averages. Lower stock valuations may provide some support, but higher interest rates likely will limit how high valuations can go. Higher yields support bond returns, but we expect flatter global yield curves to cap further gains.

VIDEO AND PODCAST LINKS

HELLUVA STORY WITH DUNCAN McCUE—DISABILITY POVERTY	FEDERAL RESERVE RAISES INTEREST RATES TO HIGHEST SINCE 2007	THE KEY TAKEAWAYS FROM SIFMA'S ECONOMIC OUTLOOK FOR 2023

FINANCIAL CALCULATORS

INVESTMENT GROWTH CALCULATOR Find out how much your savings will grow over time by making regular investments	FIDELITY myPLAN SNAPSHOT The Fidelity **myPlan** Snapshot enables you to get a glimpse into your retirement finances in seconds.	RRSP SAVINGS CALCULATOR Estimate how much your registered retirement savings plan will be worth at retirement

EDITORIAL COMMENT - CONTINUED

The markets, on the other hand, are forward-looking and usually price in bad economic outcomes long before they occur. There is a caveat here to be aware of. If the U.S. experiences a mild recession in 2023 or a much sought after, “soft-landing” then we are likely to experience a decent year of positive returns in the equity markets. My concern is that the U.S. Federal Reserve becomes overzealous in their attack on inflation and causes too much slowdown, leading to a significant contraction in economic conditions which leads to further losses.

Right now we seem to be in a setting where “bad news is good and good news is bad”. We want to see unemployment rising and corporate profits declining. These are indications that the rate increases are working. The volatility of good news vs. bad news seems to mimic the volatility of the markets these days. I have always believed that excess volatility is just the markets trying to figure out their next direction. The same may be said about the good news/bad news volatility.

Weeks ago, we had a couple of negative economic reports showing significant year-over-year declines in Consumer Price Index readings. Investors had been waiting for this kind of data for some time and expressed their approval by buying stocks which created a couple of outsized relief rallies. Then a week later a positive employment number caused the markets to pull back. We are at that tricky stage in the economy that could cause a severe movement in either direction.

One of the causes of this is that we are beginning to shift from inflation risk to recession risk. For much of 2022 the world’s central banks have fixated on fighting inflation at the expense of economic growth. Even while inflation begins to moderate, there is on guarantee that the Fed or any other central bank’s policy rates will follow suit. And it really does not help when Fed Chair Jerome Powell states that “rates are likely to remain higher for longer”, which poses continued challenges to the economy and markets.

The largest economic issue we face for 2023 is whether inflation pressures can ease just enough to allow the central banks to halt rate increases and begin the discussions on easing. In my view, inflation is on a downward trend which should allow the central banks to eventually, sooner rather than later, change direction and set the stage for the next economic bull market later in 2023.

As difficult as it is to hit a soft-landing and as obvious as hindsight has shown us that Fed Chairman Jerome Powell missed the initial evolvement of inflation, referring to it as “transitory”, I do believe a soft-landing is achievable.

I have no doubt that the rate increases will cause the U.S. to fall into a recession over the next year but with household and corporate balance sheets in decent shape and no significant economic imbalances that I can see anywhere, it is highly possible that the downturn will be relatively mild.

Now that I’ve set the stage of an environment of slower growth, falling inflation and new monetary policies, where should we be positioned in 2023?

2023 is likely to be the mirror image of 2022. Last year was marked by high inflation and aggressive policy to fight it. The Fed and other central banks are poised to end their tightening cycles in 2023, which will likely open a path for both the fixed income and equity markets to rally with a sense of conviction. This is the exact economic environment leading me to recommend increasing Fixed Income exposure in our portfolios. I have been avoiding bonds for a few years now as we held on to the belief that rates would eventually have to increase. Now we are looking at a scenario where rates will likely begin to come down making Fixed Income positions especially attractive. This is especially true for high-quality bonds, which historically have performed well after the Fed stops raising rates, even when a recession has followed.

Morgan Stanley’s Chief U.S. Equity Strategist, Mike Wilson recently stated, “Overall, investors will need to be more tactical and pay close attention to the economy, legislative and regulatory policy, corporate earnings, and valuations because we are closer to the end of the cycle at this point. Trends for these key variables can zig and zag before the final path is clear. While flexibility is always important to successful investing, it’s critical now.”

Once rates begin to fall, investors should not expect to see the same kind of bull market we had over the last decade. When it arrives, it will likely look different. The previous bull market was driven by ultra-accommodative policies put in place as means to help the economy recover from the Global Financial Crisis in 2008-9. The next bull market will be spurred on by a sense of the economy returning to normal after central bank tightening policies take effect.

EDITORIAL COMMENT - CONTINUED

The era of easy money supported by near-zero interest rates has now been replaced by a macro economic climate similar to what investors had experienced in the past. Higher interest rates will have an impact on the way we invest in the "new normal". They will effect how bond markets behave and how these markets are perceived by investors, who for the first time in more than 10 years can find adequate yield from fixed income strategies without having to take on undue risk to get it.

As I stated earlier, I believe 2023 will be a year of transition filled with periods of excess volatility, but it should also be a year that ends well for investors who take and maintain a balanced and diversified approach. I still advocate for an overweighting in equities, especially in developed markets. As the year progresses I see a need for increasing exposure to the U.S. and Japan while reducing exposure to Europe and Canada.

This is the time to arrange a meeting with our advising team to discuss our new playbook going forward into 2023. As I alluded earlier, it is time to rethink bond funds that focus on short-term government bonds, mortgage securities and especially investment-grade credit. In my view, corporate bonds can hold up well in a recession and avoid default risk, especially with companies having strengthened their balance sheets over the last couple of years by refinancing long-term debt at lower yields.

For more than a decade successful portfolio management was based on broad exposures, where little re-allocation was necessary to achieve desired returns. It is now time to re-evaluate our strategy and take a more granular view by focusing on sectors, regions and sub-asset classes.

I expect our approach in 2023 will require more frequent client interactions and portfolio re-allocations.

To get the ball rolling, if you are a client of KPW Financial and you take the time to call our office to schedule an appointment for either January or February, your name will be submitted for a draw on March 1, 2023 for a Meta Quest 2 Virtual Head set.

See review here https://www.pcmag.com/reviews/oculus-quest-2

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CHART OF THE MONTH - CONTINUED

2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
FINL 28.75	COND 43.08	UTIL 28.98	COND 10.11	ENRS 27.36	INFT 38.81	HLTH 6.47	INFT 50.27	INFT 43.88	ENRS 54.35	ENRS 34.49
COND 23.92	HLTH 41.46	REAL 26.14	HLTH 6.89	TELS 23.48	MATR 23.84	UTIL 4.11	TELS 32.69	COND 33.3	REAL 46.14	UTIL -6.51
TELS 18.31	INDU 40.64	HLTH 25.34	CONS 6.6	FINL 22.75	COND 22.98	COND 0.82	FINL 32.09	TELS 23.61	FINL 34.87	CONS -11.83
HLTH 17.89	FINL 35.59	INFT 20.11	INFT 5.92	INDU 18.85	FINL 22.14	INFT -0.3	SPX 31.47	MATR 20.73	INFT 34.52	HLTH -13.08
REAL 16.22	SPX 32.37	CONS 15.98	TELS 3.4	MATR 16.69	HLTH 22.08	REAL -2.23	INDU 29.32	SPX 18.39	SPX 28.68	INDU -20.72
SPX 15.99	INFT 28.42	FINL 15.18	SPX 1.37	UTIL 16.29	SPX 21.82	SPX -4.39	REAL 29	HLTH 13.45	MATR 27.28	FINL -21.25
INDU 15.32	CONS 26.14	SPX 13.67	REAL 1.24	INFT 13.84	INDU 21.01	CONS -8.39	COND 27.94	INDU 11.05	HLTH 26.13	MATR -23.75
MATR 14.97	MATR 25.6	INDU 9.8	FINL -1.56	SPX 11.95	CONS 13.49	TELS -12.53	CONS 27.61	CONS 10.75	COND 24.43	SPX -23.88
INFT 14.82	ENRS 25.05	COND 9.68	INDU -2.56	COND 6.03	UTIL 12.1	FINL -13.04	UTIL 26.35	UTIL 0.52	TELS 21.57	REAL -28.93
CONS 10.76	UTIL 13.21	MATR 6.91	UTIL -4.84	CONS 5.38	REAL 10.85	INDU -13.32	MATR 24.58	FINL -1.76	INDU 21.1	COND -29.89
ENRS 4.59	TELS 11.47	TELS 2.99	MATR -8.38	REAL 1.12	ENRS -1.01	MATR -14.7	HLTH 20.82	REAL -2.17	CONS 18.63	INFT -31.44
UTIL 1.29	REAL -1.53	ENRS -7.8	ENRS -21.12	HLTH -2.69	TELS -1.25	ENRS -18.1	ENRS 11.81	ENRS -33.68	UTIL 17.67	TELS -39.04

ENRS	Energy
UTIL	Utilities
CONS	Consumer Staples
HLTH	Healthcare
INDU	Industrials
FINL	Financials
MATR	Materials
REAL	Real Estate
COND	Consumer Discretionary
INFT	Information Technology
TELS	Communication Services
SPX	S&P 500 Index

Source: Bloomberg as of September 30, 2022. Sectors are GICS sectors within S&P 500 TR Index.

FUND OF THE MONTH - CONTINUED

Optimism is in short supply in a year where stocks are posting their worst returns since the Global Financial Crisis and bonds are posting their worst returns since the Great Depression. As Bloomberg points out, it has actually been the most bearish year since 1974 with the equity market enduring the most daily selloffs in almost five decades. A recent BofA Merrill Lynch survey found only 15% of their clients were positive on equities for 2023 while Goldman Sachs pointed out that short sales among their clients have outpaced long buys by 5 to 1 over the week end December 9th.

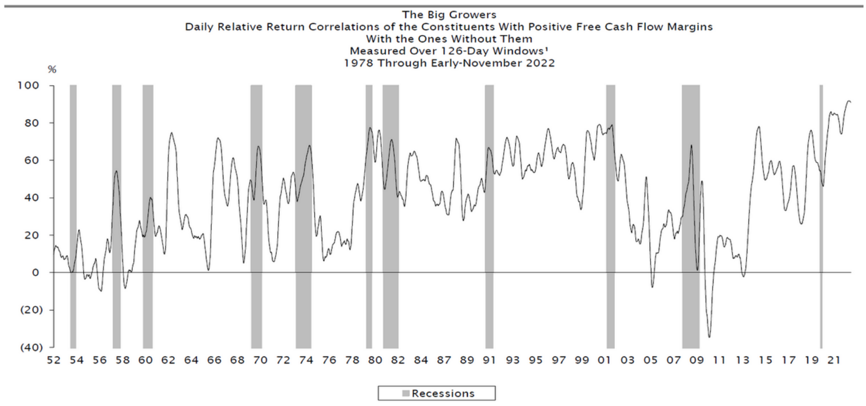
But while I was unpacking my boxes in the new Dynamic offices, I uncovered a DVD of my first appearance on CNBC. It was July 23rd, 2003, and I was on Kudlow and Cramer talking about the opportunity in internet companies. While we never really owned them in 2001-2002, some companies seemed to be emerging from the bear market in 2003. Names I mentioned included Amazon which had recently paid off its debt and sported a $20 billion market cap (now sits at just under a trillion dollars) and eBay which more than tripled over 2003 and 2004. My point then was that there were real companies, generating real cash flows and that had significant opportunities ahead. At that point in time most thought the internet was dead forever. Staying close to what was happening prepared us well when in 2004 Google went public at a $23 billion valuation (today a $1.2 trillion market cap) and contributed to our returns for well over a decade.

Understanding how to value future growth is critically important to our process. I remember an interaction with an individual who now works at a large "value" shop. In 2005 he was angry at me and decided to scream at me– "How could I own Google? It was .com bubble 2.0! It was so expensive" In fact, by looking at growth future cash flow and future earnings we estimated that Google was likely trading at a 4x P/E multiple on 5 year forward earnings. Recently I saw it was a top holding of that individual's new firm's "value" shop in 2022. I guess all it needed was to go from $23 billion to $1.2 trillion market cap to make it cheap. For those wondering, Google went from $3.2 billion in revenues in 2004 to $29.3 billion of revenues in 2010 and is expected to post $234 billion of revenues in 2022. Do those future opportunities exist today? Yes.

As Chart 1 below shows, it hasn't mattered if growth companies have had profits or not in 2022 – they have all been correlated at the highest levels in history and sold indiscriminately. The place to find the next Google will be in equities with exceptional margins at scale and the ability to seize the large opportunities in front of them. Speaking from almost 30 years of experience and nearly 25 years running the same fund, I can't remember a time I've been more bullish on the long side of our portfolios.

Chart 1

The stocks have all been tarred with the same brush:



Source: National Bureau of Economic Research, Empirical Research Partners Analysis.
[1] Equally-weighted data smoothed over the trailing three months.

GREG VALLIERE - CONTINUED

BUT THIS WOULD BE THE ODDEST RECESSION in decades, with unemployment at 3.7% and plenty of Washington money still to be spent. Moreover, there are plenty of reasons for optimism — let's look at ten this morning:

1. UKRANIAN TROOPS CONTINUE TO ADVANCE, perhaps not as quickly as their stunning counter-offensive in September, but make no mistake — Russia, humiliated, is still losing this war. And there's a glimmer of hope that serious negotiations could begin this spring, after Ukrainians show the world that a cold dark winter will not break them.

2. CHINESE PRESIDENT XI JINPING is in no rush to invade Taiwan, and he wisely has toned down Zero Covid policies. In many respects, he's a pragmatist, focused on trade and improving China's economy.

3. U.S. ELECTIONS THIS FALL went smoothly — few allegations of voter fraud, and the political temperature seems to be lower in the U.S. Fears of American unrest have subsided.

4. MARKET-UNFRIENDLY POLICIES are have little chance of passage in the new Congress — no big tax hikes or ambitious new spending plans, as the Progressive Agenda collides with the right-wing House.

5. INFLATION HAS PEAKED, as energy prices fall and the economy begins to soften. Will the Fed get inflation down to 2%? That's unlikely any time soon, but the direction is downward despite the hot labor market.

6. WHETHER YOU LIKE HIS POLICIES OR NOT, the country seems relieved that Joe Biden has had a decent year — lots of legislative accomplishments, and he has unified NATO on Ukraine. Sources insist that Biden has not made a decision on running again; we have believed that he won't but that's now a much closer call.

7. THE POLITICIANS WANT TO MOVE ON IMMIGRATION: The labor shortage is a huge drag on economic growth, and a more liberal immigration policy is warranted, as we wrote earlier this week. An immigration reform bill could pass — if not this month, then at some point in 2023.

8. THE BUDGET DEFICIT IS PLUNGING, down from about $3 trillion two years ago to around $1 trillion now — still high, but the fixed income markets aren't worried, as a more restrictive spending mood emerges in the new Congress (except for defense outlays).

9. WASHINGTON GOT A WAKE-UP CALL ON ENERGY THIS YEAR: Renewables may be the wave of the future, but not yet. Even many Democrats concede that this is not just about drilling and exploration; it's also about transporting fuel through pipelines and then refining it. The U.S. and Canada have loads of fossil fuels, which will continue to play a major role.

10. IT'S BEEN RAINING EVERY FEW DAYS IN CALIFORNIA, with more coming this weekend. The worst drought in modern U.S. history isn't over, but at least it isn't getting worse.

TO BE SURE, THERE ARE PLENTY OF ISSUES to worry about: Iran's terrorism, a possible over-reaction on interest rates from the Federal Reserve, a disturbing new flu and other viruses, the under-reported trade friction between the U.S. and allies, etc. But there are plenty of reasons for optimism — at least ten.

Navigating Life Transitions With A Chartered Financial Divorce Specialist —Continued

I have always stood behind the premise that knowledge is power. This is especially true when it comes to major life transitions. The **Chartered Financial Divorce Specialist** is an expert in providing professional financial projections for future lifestyle considerations. As true neutrals, we are able to identify the impact of major financial life choices at a very challenging time for our clients, projecting into the future and empowering them with a better understanding of their finances going forward.

What may come as a surprise to some is that the traditional 50/50 division of assets can often be unsatisfactory in its outcome. However, after-tax financial projections can tell a different story. A CFDS can show various options for financial scenarios with projections, for a minimum of 15 years through retirement and beyond. According to Money Planner magazine, “increasingly, financial advisors, particularly those qualified as financial divorce specialists are becoming involved in helping people through divorce”.

One might wonder what the difference between a CFDS and lawyer are. Typically, it is financial issues inherent to every divorce that tend to be overlooked. Oftentimes, one spouse takes responsibility for the family’s finances, leaving the other spouse ignorant of financial details and records. A CFDS can provide insight on topics including but not limited to; the cost and affordability of maintaining the family home, tax liabilities of various assets, consideration of post-separation financial contributions, pension valuations and allocations, effects on post-secondary educations, child support implications, tax efficient support arrangements, business valuations, and practical budgeting for new lifestyles.

In a family breakdown, financial issues such as cash flow, asset division and income are almost always areas of concern and can often cause clients to take unreasonable positions. A CFDS is able to provide a clearer picture of reality, as well as show the options and potential implications of client choices. It is also important to note that tax consequences, inflation’s role and continually changing government rules may present liability issues if not considered, identified and explained to clients.

The specialized software that a CFDS utilizes provides detailed reports taking all financial factors into account while documenting the assumptions, valuations and a variety of possible scenarios to present the necessary information for consideration. These reports have been effectively used on numerous occasions to assist in bringing cases to more effective settlement within reasonable time frames both in and out of court. The individuals involved then make the final decision in their own best interest.

A CFDS can be retained directly by one or both clients and/or one or both lawyers or a mediator. We can work within the litigation, collaborative or mediation process. Again, we do not offer legal opinion or advice but can provide valuable insight into financial matters related to divorce such as pension plans, investments, property, insurance and budget management.

The objective of the CFDS is to assist in arriving at the most satisfactory outcomes considering the available financial options. Living through a separation and divorce can be the most difficult, emotional time in one’s life. Regardless of how you feel, it is of utmost importance to remain objective about your financial situation, particularly as it relates to your future, both for yourself and those and your dependents.

Entering a divorce settlement with limited financial insights can have long lasting repercussions. Settlements that initially appear to be sound may not withstand the test of time. Thus it’s vitally important to enlist the help of an expert, such as a CFDS, to demonstrate the impacts of today’s decisions for the rest of your life. The days of simply getting through a divorce in one piece are no longer what we should be striving for. Being set up for financial success is key to eliminating uncertainty and successfully going forward in your new life, and I am here to help.

Can An Executor Quit—Continued

It may take an executor five years to wind up an estate and a lot can happen to a person in that time. (Side note: if you have a complicated estate and are naming an individual as executor, ask yourself if they have the health or personal circumstance to see it through and consider adding a co-executor as back-up).

So, let's say you're named executor and you want to resign. What should you do? You should first look to see if the will names an alternative executor or if it gives somebody the power to appoint a replacement executor (in many cases this person will be a beneficiary). If nobody is named, then the provincial trustee acts set out the rules for replacing an executor who has died, become incapable, become unfit to continue, or wants to resign.

If the executor hasn't applied for probate, they can step down after providing a formal renunciation document (with a witness signature) to the alternate executor or other agreed replacement. But even this is tricky, because the estate must be left in such a way that the new executor can pick up seamlessly from where the old executor left off. Ands if the original executor had already been granted probate, they will have to apply to the courts with an explanation for why they're asking to retire from the position. The courts will have certain expectations for the original executor such as making sure a suitable replacement had already been found. Although the executor has power over the state, the courts main concern will be the welfare of the beneficiaries which is guided by the words in the will.

If no replacement executor can be found, and all reasonable efforts had been made to find one, then the province will step In via the Office of the Public Guardian and Trustee. This will be considered a trustee of last resort and since executors have a right to compensation, it will seek payment for doing so. In Ontario, courts allow executors to charge up to 2.5% on both the amounts received and paid out of an estate, resulting in an effective rate of 5%.

With all that, a wise thing to do for an estate is to carefully choose your executor. A good executor can be the difference between a quick and easy estate distribution or an absolute breakdown in family harmony. Too often I have seen poorly planned estates result in a family breakdown and it is quite sad. Here are some qualities to consider in an executor:

· Availability

· Financial accountability

· Trustworthiness

· Good judgment

· Impartiality

· Longevity and continuity

· Risk management

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Discuss the risks associated with leveraged mutual fund purchased with an investment funds advisor before investing. Purchases are subject to suitability requirements. Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same if the value of the securities purchased declines.

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