

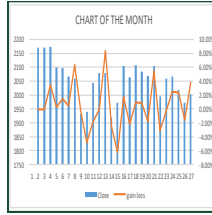
***“If you’re a long-term investor, the day you invest your money is less important than how long it stays invested”*** - Dan Bortolotti



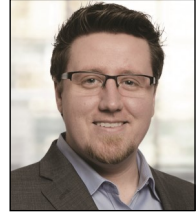
**Sergio Simone**  
EDITORIAL  
COMMENT



**Kristina De Souza**  
WHEN SHARING IS  
MORE THAN CARING



TAX RATE CARD FOR  
2020



**Ryan Simone, CLU, CHS**  
MY ROAD TO THE  
CFP

### Editorial Comment



Sergio Simone

January 2021 played out much as we expected, with a lot of volatility. But, to quote Yogi Berra, the noted Yankee catcher who had a peculiar grasp of the English language, “It ain’t over till it’s over.” No doubt that elevated equity valuations and a global economy that is revving its engines, fueled by ongoing stimulus, means that we are facing even more market volatility in the next few months. To summarize: Yes there are still many uncertainties ahead of us, but there are also many solid reasons for investors to feel optimistic.

[Continue Reading](#)

### When Sharing Is More Than Caring

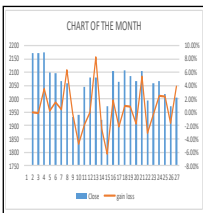


Kristina De Souza

As a mother of three young kids, the phrase ‘sharing is caring’ is one that is frequented in my household. I recently discovered that this is no exception when it comes to life insurance strategies. Specifically, within the context of a business, there may be two individuals with seemingly different capital solution needs; on the one hand a party with a need for permanent life insurance protection to meet family or business needs, and on the other hand a party with funds available to invest with the need for tax efficiency.

[Continue Reading](#)

### Tax Rate Card For 2020



The rates are the combined federal and provincial marginal rates, including all surtaxes, that apply to the actual amount of interest and regular income, capital gains, and dividends received. It is assumed that the only credit claimed is the basic personal amount. These rates are based on federal and provincial budget proposals and news released as of February 2020

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### My Road To The CFP



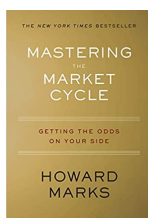
Ryan Simone, CLU, CHS

There are approximately 150,000 financial advisors registered in Canada. About 15,000 of these people have a Certified Financial Planning designation or CFP. The CFP is a globally recognized designation granted by the Financial Planning Standards Council. It is widely considered the highest designation a Financial Advisor can achieve.

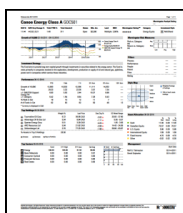
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BOOK OF THE MONTH



FUND OF THE MONTH  
MANULIFE GLOBAL  
SMALL CAP



INVESTMENT  
TERMINOLOGY

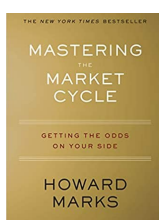


BLOG OF THE MONTH  
IMF BLOG

**BOOK OF THE MONTH**

**MASTERING THE MARKET CYCLE**

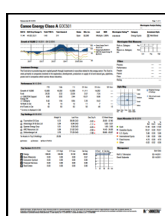
- by Howard Marks



We all know markets rise and fall, but when should you pull out, and when should you stay in? The answer is never black or white, but is best reached through a keen understanding of the reasons behind the rhythm of cycles. Confidence about where we are in a cycle comes when you learn the patterns of ups and downs that influence not just economics, markets and companies, but also human psychology and the investing behaviors that result.

**FUND OF THE MONTH**

**MANULIFE EMERGING MARKETS**



The fund's managers are active, fundamental, bottom-up investors. They focus on best-in-class, high return businesses across the whole spectrum of emerging market equities. They look for industry leading, quality companies, and believe the market can sometimes fail to efficiently value their long term earnings generation capabilities. They also believe that it is possible to take advantage of volatility in the emerging markets

**SHORT SQUEEZE**



Short squeeze is a term used to describe a phenomenon in financial markets where a sharp rise in the price of an asset forces traders who previously sold short to close out their positions. The strong buying pressure "squeezes" the short sellers out of the market. A short squeeze often feeds on itself, sending the asset's trading price even higher and forcing more short sellers to cover their positions.

[Continue Reading](#)



**BLOG OF THE MONTH**

**COVID's Long Shadow: Social Repercussions of Pandemics**

In 1832, the great cholera pandemic hit Paris. In just a few months, the disease killed 20,000 of the city's 650,000 population. Most fatalities occurred in the heart of the city, where many poor workers lived in squalid conditions, drawn to Paris by the Industrial Revolution. The spread of the disease heightened class tensions, as the rich blamed the poor for spreading the disease and the poor thought they were being poisoned. Animosity and anger were soon directed at the unpopular King. The funeral of General Lamarque—pandemic victim and defender of popular causes—spurred large anti-government demonstration on the barricaded streets: scenes immortalized in Victor Hugo's novel *Les Misérables*. Historians have argued that the epidemic's interaction with pre-existing tensions was a principal cause of what came to be known as the Paris Uprising of 1832, which may in turn explain subsequent government repression and public revolt in the French capital in the 19th century.

[Continue Reading](#)



## PRIVATE WEALTH

INFORMATION AND SOLUTIONS FOR HIGH NET WORTH INVESTORS



### [MONEY MOVES THE ULTRA-RICH ARE PLANNING IN 2021](#)

Being a high-net-worth investor can certainly shield you from the most dire financial conditions. However this past year hasn't exactly been easy on anyone, and nobody has remained totally unaffected. Even the ultra-wealthy are having to shift their financial priorities amid the ongoing coronavirus pandemic and resulting recession, according to TIGER 21 chairman and founder Michael Sonnenfeldt.

If you aren't familiar, TIGER 21 is a peer-to-peer learning network for investors and entrepreneurs with between \$10 million and \$1 billion of personal net worth. Its 850 members live and work across the globe and connect both in-person



### **Wealth Management**

### [PROFESSIONAL ATHLETES NEED A RETIREMENT GAME PLAN](#)

A career in professional sports — and the fame and fortune that come with it — is a dream for many young athletes. In reality, very few make the big leagues and even then, despite the rewards and recognition, financial success isn't guaranteed. There is a long list of professional athletes who've squandered millions, made bad investments or filed for bankruptcy after a lucrative sports career.

Sports is one of a few industries where professionals make most of their money early in their career, creating more pressure to manage it in a way that ensures it lasts a long time, maybe even a lifetime.

### **THE KICKASS ENTREPRENEUR**

### [THE TOP 1% OF WEALTH AMOUNTS FOR CANADIANS IN 2021](#)

If you want to know where you stand in regards to net worth in Canada from a percentile perspective, you can use the Canadian net worth calculator. I've placed the summary findings at the top of this article because there's a fair bit of analysis in this article from many different sources including Statistics Canada, Wikipedia (for population data), WealthX, and TD Bank, so you will find the high-level data findings in the next few paragraphs followed by the research and analysis.



### [WHY THE WEALTHY SHOULD CONSIDER BUYING LIFE INSURANCE](#)

One result of accumulating wealth may be a desire to keep it in the family by passing along assets to future generations. Life insurance is a popular way for the wealthy to maximize their after-tax estate and have more money to pass on to heirs. A life insurance policy can be used as an investment tool or simply provide added financial reassurance. While life insurance isn't something that wealthy people alone can benefit from, there are several unique reasons someone with a higher net worth may consider purchasing it.

FUND MANAGER COMMENTARY



ZIAD BAKRI  
T. PRICE ROWE



MANRAJ SEKHON  
TEMPLETON ASSET  
MANAGEMENT



PHIL D'ORIO  
NORREP CAPITAL  
MANAGEMENT



NOAH BLACKSTEIN  
DYNAMIC FUNDS

**Ziad Bakri, Health Sciences Equity Strategy**



**T. Price Rowe**

We may be on the cusp of a sea change in medicine. The health care sector's rapid response to the coronavirus pandemic highlights the accelerating pace of innovation in the space. Gene sequencing and other scientific breakthroughs over the past 20 years could set the stage for a transformative decade in health care.

[Continue Reading](#)

**Manraj Sekhon, Chief Investment Officer**



**Templeton Asset Management**

**Emerging Markets: A Strong Year, A Stronger Outlook**

The challenges of 2020 have highlighted structural advantages and other beneficial secular trends in emerging markets that bode well for 2021. For so many different markets across this landscape to concurrently offer compelling investment potential, individually and in aggregate, presents an exceptional investment window, in our assessment.

[Continue Reading](#)

**Phil D'Iorio, Portfolio Manager**



**Norrep Capital Management**

Our recent commentary has focused on potential bubbles in the market. Now it's time to focus on what really matters for equity markets, which is the earnings being generated from companies that actually make money. While Q4 earnings season isn't officially over, there are some very positive signs for investors.

[Continue Reading](#)

**Noah Blackstein, Vice-President, Senior Portfolio Manager**

**Dynamic Funds**

**RenMac Legends: A Conversation With Noah Blackstein**

Recently Jeff DeGraff, Chairman and Head of Technical Research at RenMac, spoke at length with Noah Blackstein.



Some of the questions that Mr. DeGraff asked Noah included, but not limited to:

What do you see being the key to your success, both recently (the last few years), and over the long-term?

Could you talk about your investment process which you have employed for the past 23+ years?

[Listen to Podcast](#)

KPW LIFE PLAN—IMAGINE YOUR FUTURE

VOL. 10, ISSUE 2

FEB 2021

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LINKS

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[What I Really Think Of Bitcoin—Ray Dalio](#)

I am writing this to clarify what I think of Bitcoin. Please pay attention to what I am saying here

[Home Buyers Loving The Suburbs Again](#)

For years, buyers have been flocking to cities and close-in suburbs, seeking a boost in

[Baby Boomers Face Financial Distress And Age Discrimination](#)

This generation struggles in their 60s as their working lives end

[How To Create A Retirement Income Plan That Can Last A Lifetime](#)

While saving for retirement, most people have a target number in

[Pandemic Joins Cyber, Climate Risk On List Of Key Economic Concerns](#)

GRI survey of financial institutions finds confidence in financial

[Retail Investors' Thirst For Small Caps Has Merit](#)

A popular spot targeted by retail investors may deliver the year's biggest gains.

[DIY Account Openings Saw Historic Surge In 2020](#)

IIROC reiterates calls for caution and warnings against unregulated sources of information

[The Challenges Facing Company Culture In 2021](#)

2021 has rolled around, with many companies continuing to operate remotely. This new

[Financial Well-being Drops Amid Pandemic](#)

Women, parents and young Canadians have suffered most, suggests a new well-being index



[ONTARIO MAKING IT EASIER AND LESS COSTLY TO MANAGE SMALL ESTATES](#)

The Ontario government is easing the burden on those grieving the loss of a loved one by simplifying the process to apply to manage small estates. The changes, which include setting the limit for a small estate at \$150,000, will help people



FRANKLIN TEMPLETON INVESTMENTS

[ON MY MIND: INVESTMENT STRATEGIES FOR A BOOSTER-SHOT RECOVERY](#)

Investment strategies have dominated media headlines in recent days, with a twist: it's all been about social media-driven individual investments in stocks unloved—and shorted—by some major hedge funds. The story has raised strong passions on different sides of the debate: some have seen it as a poetic revenge of “the little guy” against “Wall Street;” some as another dangerous example of mob behavior in the age of social media; and some as simply a manifestation of new dynamics in a financial market where direct individual investment has come to play a bigger role

VIDEO LINKS

[Economy And Vaccines: Canada Is Losing Ground Compared To The U.S.](#)

The slower pace of vaccine rollout in Canada compared to

[Powell Stresses Commitment To Full Employment and Low Rates](#)

Federal Reserve Chair Jerome Powell underscored the Fed's

[S&P 500 Technical Analysis—New Bull Market 2021!](#)

S&P500 Technical Analysis—Record highs, stimulus on the



Capital Markets

[EMERGING MARKETS REPORT](#)

This month, Daniel Rico and Daria Parkhomenko sit down to discuss the relationship between US financial conditions/EM credit spreads and EM FX.

The easing of global financial conditions and the ample liquidity provided by the Fed and other central banks have driven a large divergence between financial asset prices and the real economy, with the global hunt for yield resulting in EM FX appreciation in Q4 2020.



EDITORIAL COMMENT - CONTINUED

Vaccines are being shipped out, and people all over the world are rolling up their sleeves to get the shot. The World Bank and International Monetary Fund are projecting global growth.

Plans are underway for the return of Spring and Summer events such as outdoor concerts, live theatre, sporting events, conferences and travel. This increased activity along with supplemental spending will boost the economy here at home and abroad. Lockdowns caused global spending to decrease in 2020, which has resulted in inflated bank balances. It is estimated that Americans have nearly \$2 trillion in extra cash saved. Canada's household savings rate soared to 28.2 per cent in the second quarter, according to Statistics Canada, as the pandemic forced people to stay home. According to Doug Porter, chief economist and managing director at Bank of Montreal, "It was the highest savings rate "by far" in the past 60 years". As the economy re-opens, spending will surge and that will ignite economic growth which will spread around the world.

The World Bank estimates global growth of 4%, and the latest world economic output growth projections, from the IMF, estimate 5.5% in 2021. The IMF project growth in the U.S. to reach 5.1%, 4.2% in the Euro area, 4.5% in the UK and 3.6% in Canada.

In the United States, on January 27, the Federal Reserve pledged to keep interest rates at its current, near-zero, level until there is a full economic recovery from the pandemic induced recession. In Canada, the governing council of the Bank of Canada reiterated its commitment to keeping policy interest rates, at their lower bound level, to maintain their target 2% rate of inflation.

We are on the cusp of an exciting new cycle. I believe it is time to take advantage of the potential that awaits us. It is time to rebalance and reallocate our portfolios to benefit from the upcoming economic shifts.

Decelerating Growth / Accelerating Inflation		Accelerating Inflation Momentum	Accelerating Growth / Accelerating Inflation	
SPX	1.4%		SPX	12.1%
R2000	3.6%	R2000	13.9%	
TSX	5.5%	TSX	12.8%	
MSCI EM	8.2%	MSCI EM	21.0%	
Commodities	5.9%	Commodities	7.2%	
Gold	23.2%	Gold	11.8%	
High Yield	3.9%	High Yield	11.1%	
DXY	-2.3%	DXY	-2.3%	
US 10-Year Yield (BPS)	0.40	US 10-Year Yield (BPS)	0.50	
Decelerating Growth Momentum ←			→ Accelerating Growth Momentum	
Decelerating Growth / Decelerating Inflation		Decelerating Inflation Momentum	Accelerating Growth / Decelerating Inflation	
SPX	5.2%		SPX	15.7%
R2000	4.5%	R2000	20.2%	
TSX	-0.6%	TSX	11.5%	
MSCI EM	-2.3%	MSCI EM	17.4%	
Commodities	-4.5%	Commodities	1.4%	
Gold	0.5%	Gold	5.5%	
High Yield	6.0%	High Yield	13.0%	
DXY	3.5%	DXY	0.6%	
US 10-Year Yield (BPS)	(0.67)	US 10-Year Yield (BPS)	(0.38)	

This is our approach. We begin by anticipating where we currently stand in the economic cycle and then determine what asset classes benefit most at this stage. The following Growth/Inflation Momentum Matrix examines four potential growth metrics against an Inflationary backdrop on an average 4-quarter basis. Based on our analysis we can determine the highest probability outcome and then identify the asset classes that are most likely to perform well in such an environment.

Before revealing our outlook,

I'd like to lay out the foundation for our thinking.

Central banks are expected to remain accommodative, at least through 2022, keeping rates at near 0%.

According to Andrew Pease, Global Head of Investment Strategy at Russell Investments, "COVID-19 vaccine prospects should make 2021 a year of global economic recovery. Markets have priced in a lot of good news, but more gains seem possible as corporate profits rebound, and central banks remain on hold."

Most analysts we follow have made the same conclusions about the Global recovery for 2021.

During the COVID-19 lockdowns, people have benefited from government support programs which has resulted in a positive personal income growth rate year-over-year and a higher-than-normal savings rate for U.S. consumers. The savings rate since 2000 has hovered around 6.5%. Today it stands at an astonishing 12.9%. This contrasts with the Financial Crisis of 2008 when the personal savings rate fell. We believe there is a pent-up demand, and the accumulated savings may result in a period of rapid consumption growth as the economy reopens.

Our best guess scenario favours the Accelerating Growth/Accelerating Inflation scenario. As with any of the scenarios, certain asset classes perform better than others. Our outlook favours Canadian equities, Emerging Market equities and commodities. Other asset classes that tend to perform well in this environment include US large and small cap equities, gold, and high yield bonds.

**EDITORIAL COMMENT - CONTINUED**

What tends to underperform in this scenario is the US dollar and long duration bonds.

We have successfully overweighted U.S. equities since the dust settled post-Financial Crisis 2008, but it is time to re-evaluate our allocations going forward. Right now, in this economy, in this market, we feel a new emphasis should be placed on more diversification in our investment portfolios. It is time to uncover new growth opportunities and take a more proactive approach to risk management.

We have underweighted Canadian equities for many years but feel that the tide is turning. There has been a recovery in oil prices from US\$37/bbl in April 2020 to US\$48/bbl by the end of the year. On January 12, 2021 the U.S. Energy Information Administration released a report that projected an average oil price of \$53/bbl in 2021. We expect this to lead to higher TSX earnings growth.

The Matrix indicates that Emerging Market equities should benefit from the coming economic environment in 2021. Emerging markets traditionally enjoy their best performance in an accelerating growth/inflation environment. When taking the view of a weaker USD into consideration, we believe emerging markets equities are poised to outperform developed market equities in 2021.

We expect President Biden to have a more tolerant relationship with China. What I find so alluring with China is that despite a trade war with the U.S. and a pandemic that turned the world upside down, China has still managed bull market like returns and has led the world two years in a row with strong performances. In fact, the pressures from the U.S. and the pandemic have forced China to accelerate on its reforms and opening, so the investment case today for China is more compelling that three years ago.

We will continue to underweight Fixed Income in 2021. There is a consensus that inflation will rise this year due to a strong economic reopening. Higher inflation will put pressure on bond yields which will have a negative effect on government bond prices.

High yield bonds may provide an alternative in 2021 for those investors that feel most comfortable with a fixed income allocation in their portfolios. As the economy reopens, bond default rates will come down. "The team at J.P. Morgan believes a widely distributed vaccine by summer 2021 and less activity in the energy sector could produce a year-over-year decline in default activity next year to 3.5% for both high-yield bonds and leveraged loans." Reduced defaults will have a positive return effect on Corporate bonds. Estimates for the asset class's returns by year-end 2021 range from 2.5% to as high as 8% by Well Fargo strategists.

My view is that we are in the early stages of a new economic cycle. Once a vaccine is widely available and lockdowns have been reduced and ultimately eliminated, normal early-cycle recovery dynamics should take hold. This will lead to a rotation toward relatively cheaper value and non-domestic stocks that will likely benefit from a return to something resembling normal economic activity.

I understand there are those investors concerned about the damage that will be done by exorbitant levels of government debt caused by the pandemic. However, I doubt that governments will start to trim deficits through tax hikes and lower spending any time soon. This is a problem that will be deferred to some future time.

Barring any unforeseen black swan or geo-political event, we expect a solid performance in 2021.

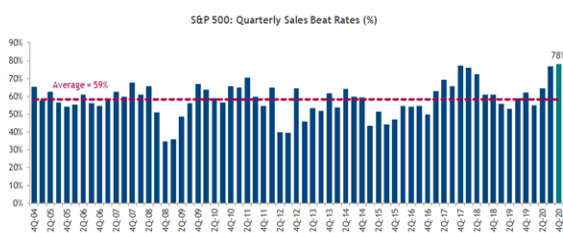
One last thought to leave you with: Once this pandemic is over, you can be assured that there will be another event to discourage investors and when that is over, there will be another, and another. Why would anyone think that the next hundred years will be any different than the last hundred years?

PHIL D'IORIO - CONTINUED

The corporate earnings recovery has been substantially more robust than anyone could have imagined when the pandemic started to unfold about one year ago. Since the COVID crisis began, quarterly earnings have declined on a year-over-year basis throughout 2020. However, on the bank of central bank liquidity and government stimulus, earnings growth has turned positive in the fourth quarter. Nearly 85% of S&P 500 companies have reported fourth quarter results thus far. And the results have been nothing short of spectacular. Earnings have surpassed estimates by approximately 17.0% in aggregate, with nearly 80% of companies beating their projections as seen in the chart below.

Percent of Companies Exceeding Analysts' Sales Estimates on Track For Record

Notably, 78% percent of companies are also exceeding sales estimate, on track for a record.



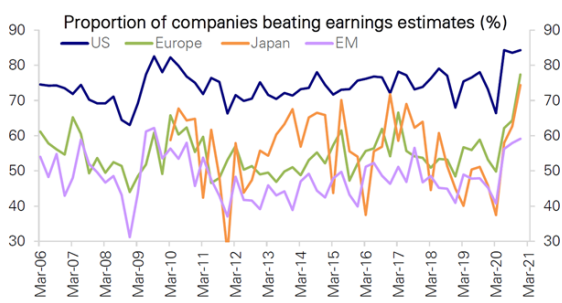
Data Source: Truist IAG, FactSet

SunTrust Advisory Services, Inc.

If the current pace continues, Q4 2020 will end up being second best quarter in terms of positive EPS surprises since FactSet began tracking this metric in 2008. It is important to note that the United States isn't the only region experiencing robust earnings growth. What we have been observing is broad based strength in corporate earnings across the world. As seen in the chart below, earnings have been surprising on the upside in Europe, Japan, and the emerging markets.

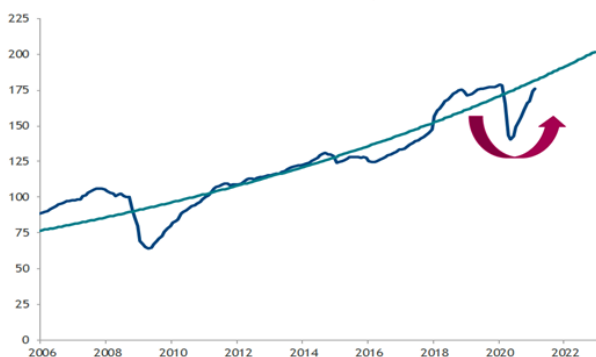
Positive earnings surprises are great to see but what is even more powerful is when we see positive earnings surprises combined with positive earnings revisions for the future. And that's exactly what is happening. As seen in the chart below, US corporate earnings revisions have been so strong that we are essentially getting a V-shaped earnings recovery.

Figure 3: Solid breadth of earnings beats across regions



Source: Bloomberg Finance L.P., Deutsche Bank Asset Allocation

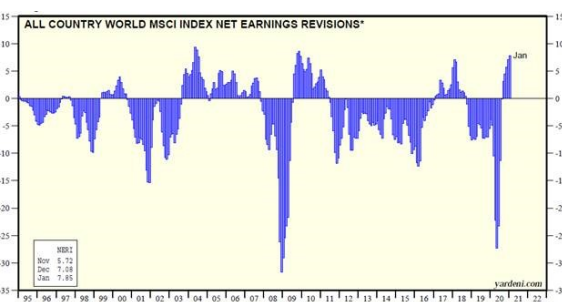
S&P 500 Forward 12-Month Earnings Estimates With Trend



Earnings revisions have also been strong around the world. As seen in the chart below global earnings revisions are near the strongest levels going back over 25 years.

So corporate earnings look solid. And there is also some encouraging news on the COVID front as well. While the data isn't perfect, recent figures suggest that Canadian and US case counts have fallen by approximately 60% from their peak.

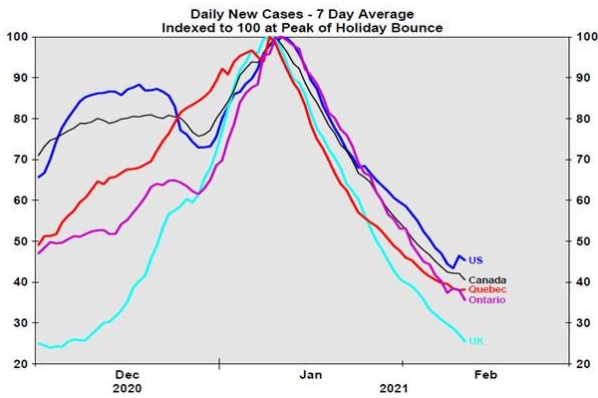
The US has vaccinated about 10% of the overall population. More importantly the highest risk cohorts are getting vaccinated at a rapid pace. With approximately 42% of the 75+ year-old cohort and 24% of the 65-74 age population having already received their first dose, we should start to see mortality rates and hospitalizations plummet.



\* Three-month moving average of the number of forward earnings estimates up less number of estimates down, expressed as a percentage of the total number of forward earnings estimates. Source: I/B/E/S data by Refinitiv.



PHIL D'IORIO - CONTINUED



While the vaccine roll-out has been disappointing in other countries (including Canada), the key take-away is how fast the projected vaccination rates can improve once supply and logistical constraints are overcome. Chile is a case in point. The country was one of the early vaccinators but initially only had limited access to supply of the Pfizer vaccine. This meant it would only be

able to vaccinate 9% of its population in 2021. It then received 4 million doses of Sinovac and its vaccination run-rate is suddenly the 4th fastest in the world! Good things are happening with earnings and the fight against COVID is progressing. We'll take it.

## **When Sharing Is More Than Caring** —Continued

Evidently, there is an insurance solution that can help these parties meet in the middle. As a refresher, let us be reminded that there are two main benefits offered by permanent, tax exempt life insurance, the protection offered by the life insurance and the accumulation of the cash value in the policy. Ultimately, these two benefits have been identified as separate interests within a policy, allowing two individuals to benefit from one policy, by sharing it, a solution referred to as a ‘Split Dollar Insurance Arrangement’.

Split dollar insurance arrangements are arrangements, under which the policy values, premium payments and death benefits associated with a permanent life insurance policy are allocated between two or more parties.

Rather than being a type of insurance policy, or insurance contract, it is simply a way for parties to share the elements of a life insurance policy by sharing the costs and benefits associated with that policy.

The split dollar arrangement is usually established by way of a formal contract referred to as a split dollar agreement, that sets out the rights and responsibilities of each party to the arrangement. Further, it addresses issues such as: ownership of the cash values, ownership of the death benefit, premium obligations, the right to assign the death benefit, and the terms and conditions under which the split dollar arrangement may be terminated.

The two parties must name a beneficiary to receive the proceeds of their portion of the policy once the life insured passes away. There are a multitude of benefits to this arrangement, including the flexibility to determine the split of the benefits, flexibility in determining costs for each party, the proceeds received by a corporation may generate a credit to the Capital Dividend Account, and of course, the tax-free benefit payable at death of the life insured.

In terms of who can enter in to such an agreement, it must be two parties who are associated with one another, such as a corporation and shareholder or corporation/ employer and an employee; however, these arrangements can also be done privately with individuals.

As an example, split dollar plans are often used by employers to provide supplemental benefits for executives and to help retain key employees. The versatility of life insurance makes it an excellent choice for meeting a dual need experienced by many small businesses, and can be a mutually beneficial solution for those involved.

I have simply touched on the surface of a somewhat complex solution, one that requires the input of other qualified professionals. However, if this is something that sparks your interest please do not hesitate to reach out so we can discuss in greater detail.

## My Road To The CFP —Continued

If the legal industry has the bar, then the financial planning industry has the CFP exam. In other words, it's a pretty big deal to get yourself a CFP. It's a long and difficult process full of quizzes, exams, course work, and real-world practice. I was one of the 878 candidates who challenged the November 2020 exam. Here is my story.

The CFP exam is a beast. At six hours long, it is taken in three parts with a half hour break in between each part. Prior to writing, I was told that to have any chance of passing the exam you absolutely must answer every question and leave nothing blank. Questions come in the form of multiple choice (about 60 in total) and about three to five case studies per two-hour block of the exam. You can fake your way through the multiple-choice questions by guessing the right answer; although, the answers always have the same pattern: two are clearly wrong and two seem very right. Sometimes you just have to flip a coin, I guess.

Then there are the exam case studies. These are written answers, which means no guessing your way through any of these questions. The best way to describe a CFP case study is to imagine taking all your family's personal information (finances, goals, needs, wants, list of enemies, favorite car, what you had for breakfast, etc.) and splash it onto a piece of paper. Just throw it on there like a Jackson Pollock painting. Then have the CFP candidate search through all that info to find the answer to his or her question. There can be no broad-based answers and they will never ask you to simply define an employee stock option plan or explain the rules of a TFSA; instead, every answer must be specific to the case being presented. So, a CFP question may look something like this (albeit a bit more technical): "What should Mr. Client do with his stock options if his common-law spouse got a hot stock tip from her UBER driver and wants to cash in her TFSA. Also, explain the tax consequences and calculate Mr. Client's CPP to age 90 because you always need to explain the tax consequences and calculate CPP to age 90".

It is a true exercise in thinking fast and not giving up. CFP candidates don't write the exam, they challenge it, and usually between 40% to 60% beat it. The November 2019 exam pass rate was an abysmal 44%. Of the 344 second time writers of that exam, only 16% of those people passed. That was a particularly bad showing that reveals the level of difficulty we are dealing with here.

Getting to the point of challenging the CFP exam, I really must thank a colleague of mine named Anne Marie. Back in late 2017, I was toying with the idea of getting a CFP. Sometime around Christmas, I ran into Anne Marie. She had mentioned that she would be taking a course to prepare her to write the CFP and that I should take the course with her. At the time, I knew very little about how to prepare or what the requirements were to write. I told her I was interested but wasn't sure I would follow through. Long story short, she had the instructor call me and he convinced me to join his class. I think it's safe to say that without Anne Marie, I probably would have procrastinated the CFP into oblivion.

Well, it turns out that you can't just challenge the CFP. Before I could write the CFP, I would need my Level 1 or QAFP designation (Qualified Associate Financial Planner) as it is now known. You can get the QAFP by writing a four-hour multiple-choice exam. But before I was eligible to write the QAFP, I would need to complete and pass the Capstone Course in which we are given a large case study and must build an actual financial plan for grading. The Capstone is one of the most useful assignments I've ever done. It takes about 30 hours to complete (I think it took me about twice that), but I would argue that every financial planner should have to complete such a course. Unfortunately, in order to register for the Capstone, I needed to complete any one of several different pathways. I chose the CLU route.

The CLU (Chartered Life Underwriter) designation is also a globally recognized designation and considered the gold standard for anyone working in estate planning and risk management. For insurance professionals, it is one of the highest designations you can achieve. Getting a CLU would also fast track me through much of the work I would need to complete before starting the Capstone.

Like the CFP, the CLU was no cake walk. I wrote seven three-hour exams for topics that include: Financial Planning Foundations; Taxation & Investment Planning; Retirement Income Planning; Insurance & Estate Planning; Advanced Concepts in Tax & Law; Tax & Legal Principles (my highest grade!); and Advanced Estate Planning. Prior to each exam was three to five short quizzes. All in, I had written well over 20 quizzes, averaging one almost every week. Mixed in with the quizzes and exams were several written assignments that would be handed in for grading. Only then was I able to write – literally it is a hand-written exam full of case studies – and pass my CLU exam. This was all accomplished over 10 months from January 2018 to October 2018. It seems like a long time, but the fact of the matter is that it takes on average 2 years to complete this. Some take 4 years and many more never finish at all. I honestly believe I was only driven to complete it as quickly as I did because of my course instructor. He is a man known for being a strict taskmaster and on more than one occasion I saw a person brought to tears in his class. It was no joke, but he knew how to get things done and everyone loved him for it. For me, it felt like being in University again, only this time I was also working full time with KPW.

## My Road To The CFP —Continued

Having just earned my CLU, I was able to fast-track through another designation titled the Certified Health Insurance Specialist (CHS). I was able to complete this in a month, which worked out well considering I had a month before the Capstone case study would be revealed. The CHS is a deep dive into the world of group and individual insurance. Some of the people I had studied with throughout the CLU decided not to attempt the CHS, instead opting for a month-long break before the Capstone started. I thought it was important to tackle the CHS because of the group plans we help manage at our office. The two CHS exams are both multiple choice and I have no problem telling you that they only exist to trick the writer. Every question is a puzzle and all the sinister ways you can ask a multiple-choice question are used. Double negative questions were frequent. They also had these “if not A then B but if A then C not D” questions. I think one of the questions may have even been written in hieroglyphics, but don’t quote me on that. Each was a hard exam, but the content taken from the course was worth every brain bending question.

I started the Capstone January 2019 and completed it June 2019. It was a 50-page fully completed financial plan. Everything in it had to be created from scratch and no financial planning software could be used. To me, this is what made the Capstone so important. It reminds me of something my friend Trevor, who is a surveyor, once told me. Surveyors use digital equipment like Theodolites to measure the position of objects in an area. Trevor had noticed that the new trainees he was managing knew how to use the equipment very well. The problem was that there was too much reliance on the equipment. When something failed, the trainees didn’t have the fundamental knowledge to finish the job. Not only did it cause delays for Trevor, but it meant that his surveyors didn’t really understand what they were doing. It’s one thing to be able to put the numbers into financial planning software, but it is another thing to know what those numbers really mean to a person’s financial situation. The Capstone gave meaning to the numbers.

Prior to 2021, there were only two days a year one could challenge the CFP or Level 1 QAFP exams - June and November. Things have changed this year, and now there are 3 dates available – May, June, and November. I wrote my level 1 exam in June of 2019. I found out I passed it some time in late summer of 2019. I left that exam absolutely convinced it had beaten me and that I failed. Instead, I had earned my QAFP designation and the only thing that stood between me and the CFP exam was a couple of months.

Remember that November 2019 exam where only 44% of people who wrote the exam passed? I was one of the people who wrote that exam, but I was not one of the people who passed it. Looking back, I knew the material, but I completely underestimated the speed at which you need to move through that exam. Knowledge didn’t beat me, but time management sure did. Considering the lifetime average pass rate per exam is about 61% of candidates, it’s not so disheartening to know that I was among the majority 56% who would have to write again.

And write again I did during the November 2020 sitting. I had planned to write the June 2020 exam, but COVID-19 was getting worse and FP Canada decided to cancel it. I would have to wait until November 2020 assuming that one wouldn’t be cancelled too. Fortunately, the November 2020 exam didn’t share the same fate as the earlier June exam. Not knowing whether the November exam would take place, I started my study schedule on October 1st.

Every day for at least an hour I studied. Sometimes before work, other times after. By November 1st, my study time increased by a few hours a day and two weeks before the exam, I spent most of my days buried in CFP topics. By the last week I was reading or practicing case studies 12 hours a day. I did not want to fail this exam. My wife Kristin was a real champion during this time. We had our first son on August 26, 2020, almost three months prior to the day I wrote. Taking care of a newborn and studying for the hardest exam of my life was not an ideal situation and I would be lying if I said I didn’t have concerns about passing the exam on my second attempt. Second-attempt statistics are always worse than first-attempt statistics. The pass rate for second-time writers is typically a few percentage points lower than it is for first-time writers. There is some debate as to why this might be, but most people think it has to do with how people think. The second-time writer believes he knows why he failed and what topics he needs to improve on. He tends to put less effort into studying under the false presumption that he already knows some of the material and only needs to study a bit more to get over that pass mark. The second-time writer says to himself: “If I need a 500 to pass and I got a 470, then I really just need to know a little bit more”. This worried me enough to adopt a belief that I knew nothing. I skipped over no topic and tried to cover as much ground as possible when studying.

I wrote the exam on November 25, 2020. COVID meant I had to wear a face mask the entire time I wrote. During my two 30-minute breaks, I would run to my truck so I could take off my mask and eat before the next session. My time management improved during the exam, but it felt like I rushed through so many questions and I left feeling defeated. I thought it had beaten me again and when I got home, I told my wife I’d probably have to write it a third time. Oh well.

### **My Road To The CFP —Continued**

On February 18, 2021, I received an email that FP Canada had released the November 2020 exam results. We were having our cottage furnace serviced, and it just so happened that I was up north when I received the email. I tried logging in through my phone only to be met by a message that said I would need a PC to view my results. Further confirmation that nothing is easy with a CFP.

Normally it takes about 2 hours to drive home from the cottage but this time it felt like 12. The first three things I did when I got home was say hi to my wife, give my son a hug, and then log in to the FP Canada website. There, in big green letters was the word PASS. I had finally earned my CFP. I took a huge sigh of relief and immediately called my Dad to tell him the good news.

There are about 150,000 financial advisors in Canada. Only one percent of those advisors carry both a CLU and a CFP. That's about 1,500 advisors in all of Canada that simultaneously hold two globally recognized designations of the highest regard. Now, I can finally say I'm part of that club.



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