



## UPPER CANADA CAPITAL

PRIVATE WEALTH MANAGEMENT

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Warm wishes for the rest of your summer!

Our wealth management team at 3 Church has been busy all summer monitoring the markets, updating retirement plans, helping prepare Wills, reviewing tax returns sent to us for planning opportunities and more.

Send me a note ([Kurt.Rosentreter@ManulifeSecurities.ca](mailto:Kurt.Rosentreter@ManulifeSecurities.ca)) if you have any broader financial topics (e.g. real estate, powers of attorney for elderly parents, CRA tax questions, unusual investment products you wonder about and more) and I will be sure to respond. I regularly get articles from the newspaper or online sites sent to me to comment on - I enjoy providing this feedback to your questions (as a guy that wrote seven books to help people learn!) so don't hesitate to contact me.

### **More from the Desk of Kurt Rosentreter, CPA, CA**

"Forty Lessons to Teach Your Kids Before They Leave Home" is an ingenious article written by Daisy Luther via The Organic Prepper. I highly recommend parents read this article (Link here: <https://www.theorganicprepper.com/teach-kids-leave-home/>).

Daisy provides a great list of everyday skills kids should have as well as a summary of emergency skills for children.

Really the list is a list for all of us - the common sense is not limited to children so I would encourage everyone to give it a read.

### **From the desk of Jordan Campbell, CFA, Financial Advisor Associate, Manulife Securities Incorporated, [jordan.campbell@manulifesecurities.ca](mailto:jordan.campbell@manulifesecurities.ca)**

You may have read in the news recently that the "yield curve" has inverted and that it signals that a recession is coming. [This article from the Globe and Mail](#) talks about what a yield curve inversion is and explains some of the potential outcomes. An important take away from the article is that while all recessions have followed an inversion of the yield curve since World War Two, not all inversions have led to a recession. That is, an inversion doesn't necessarily lead to a recession.

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When it comes to the management of your portfolio, we are constantly monitoring recession indicators such as the yield curve (amongst others) and thinking about how to reposition your accounts going forward. Our strategy recently has been a prudent one where we continue to average money in the market over time rather than all at once, rebalance clients back to their target long-term asset allocation (percentage in the stock market and bonds), sell off potentially more volatile stock sectors (such as industrials and discretionary companies) and take profits on the gains that your existing positions have made.

If you have any questions about the position of your portfolio for the times ahead, please do not hesitate to give us a call.

**From the desk of Mathew Cain, Financial Advisor Associate, Manulife Securities Incorporated, [mathew.cain@manulifesecurities.ca](mailto:mathew.cain@manulifesecurities.ca)**

For the past two years the Bank of Canada and the Federal Reserve in the United States steadily increased their benchmark rates, but for the first time in a decade the Fed actually cut its rate by 0.25% just last month.

Analysts are now stating that a slowing global economy and growing trade tensions suggest another cut in the United States, and even a cut in Canada, may come as early as September 2019. [This Financial Post article](#) outlines analysts' opinions in what they feel will be next rate cut in both regions and the impacts. Furthermore, [this BNN article](#) outlines five ways that a US cut could impact Canadians.

With respect to the management of your portfolio, our team has noticed that GIC rates have been impacted the most and fallen steadily since reaching a peak in late 2018. Conversely, managed bond products which were typically out of favor in the past are now becoming more attractive as falling rates can increase the value of the product. Regardless, our team will always reflect on cash flow needs, stability in the portfolio, your overall risk tolerance, and most importantly, your goals.

If you have any questions about rates kindly let us know. We are here to help.

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**From the desk of Gerdi Lito, CFA, Financial Advisor Associate, Manulife Securities Incorporated, [gerdi.lito@manulifesecurities.ca](mailto:gerdi.lito@manulifesecurities.ca)**

For decades owning a house was seen as a goal for many Canadians. Changes in demographics with more people living in large metropolitan areas like Toronto or Vancouver have changed the scenario and we have seen that younger Canadians have turned more to renting as an alternative of buying. While there are pros and cons for each alternative and cost/affordability is clearly a big decision factor, there are other things to consider when making this decision, such as:

- Cash flow – you don't want to be "house rich and cash poor". Sure, you can afford to get a mortgage and buy a house and live on a very tight cash flow after making your monthly mortgage payment, is that what you want?
- Existing debt – adding a mortgage may get you in financial hardship if you already have substantial credit card debt
- Job stability and career plans – you don't want to get "locked" in a property if your career requires mobility and the availability to relocate elsewhere.
- Your saving habits – if you are used to saving and investing every surplus cash flow instead of spending it to "inflate your lifestyle" then you may want to consider renting and use your cash flow to increase your retirement savings. Otherwise, consider buying as a "forced saving".

Our team does a lot of work in real estate planning as part of the financial planning work we do for our clients. Renting vs. buying, investing in rental properties and helping children towards their first home purchase are some examples of real estate analysis that we do to help clients make informed decisions.

We welcome your questions on these topics as we feel this is an important part of your financial roadmap.

**From the desk of Monika Kucinskaite, Financial Advisor Associate, Manulife Securities Incorporated, [m.kucinskaite@manulifesecurities.ca](mailto:m.kucinskaite@manulifesecurities.ca)**

The best way to get ready for school years is to start saving early in the form of a Registered Education Savings Plan (RESP) and get the matching 20% Canada Education

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Savings Grants (CESGs) provided by Employment and Social Development Canada. However, once you move to U.S., your RESP is treated as a foreign trust and the tax advantage of this account is no longer recognized by IRS.

If you are considering a permanent move to the U.S. or if you are thinking about moving to Canada, [this article from the Globe and Mail](#) explores options depending on your personal situation. As an additional resource, lean on us for your financial planning needs.

**From the desk of Frank Valicek, CFP, Financial Advisor, Manulife Securities Incorporated, Certified Financial Planner and Life Insurance Advisor, Manulife Securities Insurance Inc., [frank.valicek@manulifesecurities.ca](mailto:frank.valicek@manulifesecurities.ca) :**

Most employment-aged people's #1 asset isn't their home or investment portfolio, but their future earnings potential. Protecting one's ability to earn a living is often the most important financial step one can take. And if you think the government will take care of you, think again...as of 2018 the maximum monthly amount you would receive from the Canada Pension Plan Disability Benefit is only \$1,335.83 per month! Having long term disability insurance coverage through your employer and/or your own private insurance policy is critically important to have in place. The Government of Canada's website provides a good outline of things to consider: [CPP Disability Benefits Overview](#). If you have a need to ensure your income continues if you became disabled, we'd be pleased to assist you with addressing this potential risk to your financial future.

**From the desk of Laura Collins, Executive Assistant to Kurt Rosentreter, Manulife Securities Incorporated, [laura.collins@manulifesecurities.ca](mailto:laura.collins@manulifesecurities.ca) :**

### Financial Dictionary and Glossary

**ETF** stands for exchange traded fund = An exchange-traded fund (ETF) is an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds and generally operates with an arbitrage mechanism designed to keep it trading close to its net asset value, although deviations can occasionally occur.

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## Final Thoughts

Last year the autumn and early winter saw the stock market fall more than 15% over three months.

It is highly possible this could happen again after such a glorious stock market increase earlier this year.

While we continue to be in touch about your positioning regularly please also ensure that the level of stock market exposure you have suits your preferences for your stage of life, goals and comfort. As always, we will talk about all of these factors in our meetings and our calls with you.

Warm regards,

- Kurt

### **Kurt Rosentreter, CPA, CA, CFP, CLU, FCSI, CIMA**

Senior Financial Advisor & Portfolio Manager, Manulife Securities Incorporated  
President, Upper Canada Capital Inc.

Life Insurance Advisor, Manulife Securities Insurance Inc.

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*To ensure that trading instructions are received and executed accurately and in a timely manner, please do not send any trading instructions via e-mail. Please contact us directly at the above numbers.*



If you prefer not to receive future emails, CLICK [HERE](#).

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