



December 2025 Team Newsletter



Private Equity and Your Portfolio

From the Desk of Gerdi Lito, CFA
• Portfolio Manager, Manulife Wealth Inc.

Companies like Mars, IKEA, Rolex, Bloomberg, and Ernst & Young have something in common: you can't buy their shares on a stock exchange. They are privately owned, meaning their shares are held by founders, families, or private investors — not the public.

These are known as private equity companies. While many successful businesses eventually go public, some choose to stay private. Going public allows owners to sell part of their business and turn its value into cash, but it also means giving up some future ownership and profits.

Can you invest in private companies?

In most cases, no. Their shares aren't publicly available, and transactions usually happen only between existing owners.

However, there are private equity funds that provide access. These funds invest in many private companies at once, similar to how mutual funds invest in publicly traded stocks.

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Key things to know about private equity investments

- **Hard to value:** Because these companies aren't publicly traded, it's difficult to know what your investment is worth until it's sold.
- **Limited liquidity:** There's no active market, so selling quickly can be difficult if you need cash.

Is private equity right for your portfolio?

For most investors, private equity may not be a good fit. These investments require a high tolerance for risk, the ability to tie up money for long periods, and comfort with limited access to cash.

If used at all, private equity should be a small diversifier in a portfolio — not a core investment.



Importance of documenting your wishes and discussing it with your family

From the Desk of Monika Kucinskaite

• Financial Advisor Associate, Manulife Wealth Inc.

As the holiday season approaches, many of us are preparing for travels, family reunions, and planning for a year ahead. Sometimes these gatherings lead to conversations about "getting something in place", whether that means defining family priorities or securing that minors and pets are well cared for. Having a legal document in place, such as a Will, ensures that you, not governments or courts, decide who receives your assets, how much tax will be paid when your estate is transferred, who cares for your minor children.

Without a Will?

If you own non-registered assets such as non-registered investment accounts, bank accounts, real estate, or high-value property personally and pass away without a Will, you die "intestate." Without a named executor, these assets will be frozen for months while the court appoints an administrator, leaving your family without immediate access to necessary funds to prevent the sale of your home, to pay property management costs, taxes, debts or other expenses.

Online or through a lawyer

For those with very straightforward estates and no corporations or assets overseas, no complex family dynamics such as second marriages, digital platforms offer a guided, template-based approach to creating standardized Wills and Powers of Attorney for property and personal care. This can be a starting point for ensuring these three basic documents are in place.

As estates grow in complexity, for those with corporations, multiple properties or family trusts, an estate lawyer provides value required to identify risks, optimize tax outcomes, and navigate the delicate family dynamics that automated workflows may not capture. Many estate lawyers now offer virtual consultations and digital signing processes, saving you travel time.

Our advisory team is here to support you in choosing the right estate planning tool or guide you on how to have that family conversation. We can assess tax implications to show what will be left for your family and friends after final expenses are paid, prepare a visualized estate distribution plan for you to see exactly how your assets will flow.

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Foundational Investing Conversations to Share This Holiday Season

From the Desk of Sam La Roue

• Marketing Assistant, Manulife Wealth Inc.

The holidays bring generations together, making it a natural time to talk about money, goals, and the future. For younger or first-time investors, investing can feel intimidating or overly complex. This piece is designed to simplify the basics and be easily shared with the younger generation, focusing on three core ideas: building a simple strategy, understanding compounding, and using the right tools early, key foundations for long-term financial success.

Strategy Matters More Than Perfection

When starting out, investing doesn't need to be complicated to be effective. What matters most is having a simple, consistent strategy and giving it time to work. This starts with budgeting, setting aside money specifically for investing so saving is intentional, not an afterthought. Regular contributions naturally lead to dollar-cost averaging, where a set amount is invested on a schedule, helping smooth market ups and downs over time. Automating this process removes emotion and the temptation to time the market. You don't need to get every decision right; discipline, consistency, and long-term thinking are what allow compounding to work in your favor.

The 8th Wonder of the World

"He who understands it, earns it... he who doesn't... pays it." This quote, attributed to Albert Einstein, captures the essence of compound interest, the process where your money earns returns, and those returns then earn returns themselves. In simple terms, compounding is growth on growth. It's not about constant action; it's about allowing well-made decisions to work over long periods.

While tactical adjustments play a role, long-term wealth is driven primarily by time invested. Staying invested through market cycles allows compounding to work, while emotional or excessive trading can create unnecessary friction. A disciplined approach, focused on asset allocation, risk management, and selective rebalancing helps smooth volatility and keep long-term goals on track.

Why the TFSA Is So Valuable for Young People

Once a consistent strategy is in place and time is working in your favour, where you invest becomes just as important. Despite its name, the Tax-Free Savings Account (TFSA) is not just a savings account, it's one of the most powerful investment tools available to young Canadians. When money is invested for decades, the growth from compounding can be substantial. In a taxable account, however, a portion of that growth is lost to taxes along the way.

The TFSA stands out because all investment growth and withdrawals are tax-free, allowing compounding to work without interruption. For young investors with long time horizons, this combination of tax efficiency and time is incredibly powerful. Early contributions benefit from decades of tax-free growth, making the TFSA one of the most important accounts to prioritize at the beginning of an investing journey.

TAKEAWAY

Starting to save and invest early, even in small amounts, is about more than market returns; it's about building the right habits, structure, and mindset from the beginning. Consistent contributions, smart budgeting, and using tools like the TFSA create a foundation where compounding can work over time. Early investing builds discipline, and as income grows, those habits naturally scale.

Long-term wealth also isn't created only in the markets. Investing in yourself, through education, skills, and experience raises future earning potential and expands what you're able to invest. For young investors, combining time, tax efficiency, and disciplined strategy is what turns small early decisions into meaningful long-term outcomes.

As the holidays bring generations together, it's a great time to share these lessons with younger family members. A simple conversation today can spark habits that last a lifetime.

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Commenting on AI Bubble Concerns

From the Desk of Evan Campbell, BAS (Hons)

• Financial Advisor Associate, Manulife Wealth Inc.

The AI-driven market rally has continued to dominate headlines this year and concerns of a stock market bubble related to Artificial Intelligence have become increasingly talked about in media. You may have seen headlines comparing the AI-driven rally over the past years to the Dot-Com Bubble in the late 1990s/early 2000s. It is easy to look at the massive gains from the technology sector and see a mirror image of the late 1990s. However, while there are certainly shades of the dot-com era investment frenzy which can be seen in the market today, there are also some notable differences.

Valuations are more tame

It is true that current valuations in the US market have climbed (by way of price/earnings ratios) above longer-term averages (1). The market has priced in a higher degree of future growth, mainly in the tech-sector which can be attributed in large part to the emergence of AI. However, the magnitude of valuations seen the dot-com era is significantly higher than what we are seeing today. During the lead-up to the dot-com bubble burst, many fledgling internet companies were issuing shares through Initial Public Offerings (IPOs). Companies with little in the way of a business plan and which were spending the majority of investment capital on marketing, were listing on exchanges and seeing massive spikes in share price overnight. New IPO listings for technology companies on the Nasdaq stock exchange ballooned in 1996 through 1999, peaking at staggering 370 technology IPOs with a median company age of just 4 years. Many companies were listing while highly unprofitable and with little earnings. Valuations soared in the technology sector and stock prices were largely disconnected from company fundamentals. In comparison, the number of tech company IPOs in 2024 was much more digestible at 14, with a median company age of 13.5 years (2). Companies in general are more established compared to the dot-com boom and earnings



support has also reflected this trend. The forward price-to-earnings of the Nasdaq index was 60.1x during the market peak in March 2000. Today the Nasdaq 100 index is trading at a forward price-to-earnings ratio of 26.35x (3,4).

Debt vs Cash Flow

During the internet boom in the late 90s, telecom companies took on large amounts of debt to fuel infrastructure spending on fiber optic networks. The build-out was led by telcos which lacked significant cash to build these networks and issued debt to fund projects. Equipment providers lent cash to telcos to buy back gear and fuel growth. When demand didn't materialize quickly, and interest rates began to climb in the 2000s, debt-laden companies collapsed (5). Today, many of the mega-cap companies which are investing heavily into AI have established revenues and cash flow which can back-up capital expenditures into this new technology. While companies are starting to take on debt,

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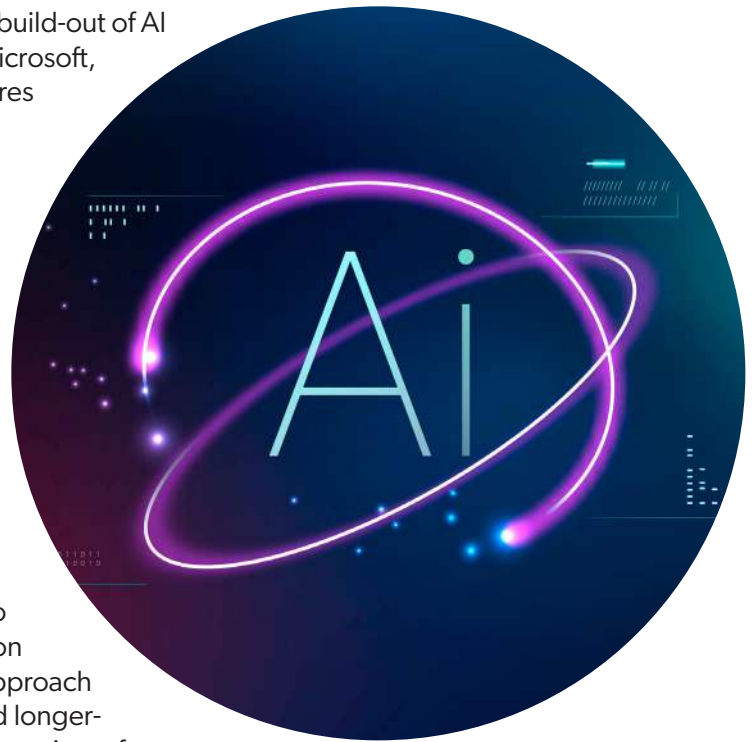
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and circular AI industry investment is a legitimate cause of some investor-concern, the general magnitude is comparatively less. Today's build-out of AI data centers is largely focused on mega-cap "hyperscalers" (Microsoft, Alphabet, Amazon, Meta) which are funding capital expenditures largely through cash flows, issuing relatively less debt, and into what is largely considered to be a continued period of interest rate decline (5,6).

Our Strategy

While we do not necessarily see the same extreme market risk as the dot-com bubble, we do feel that the current markets warrant some discipline and a cautioned approach. Demand for new technology can always be unpredictable. It is unlikely that AI will be the first transformative technology that will not be accompanied by over-investment.

The increasing concentration into mega-cap technology companies, which now make up about 35% of the S&P 500 index can be a point of vulnerability (7). We maintain a portfolio strategy which emphasizes an adequate amount of diversification across different sectors and geographies, and an investment approach which aligns with your tolerance for risk, investment needs, and longer-term goals. Please feel welcome to reach out to us if you'd like a review of your portfolio.



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