HollisWealth®

August 2019

Hello,

Please find our most recent newsletter. I would like to take this opportunity to address some of your market concerns. After a near bear market in the final three months of 2018, we have experienced a sharp reversal during the first half of 2019, with two important material market-shaping events. First, the U.S. Federal Reserve met to discuss interest rate policy – specifically the potential for interest rate cuts, which proved positive for equity and bond performance. Second, President Trump and Chinese President Xi Jinping met at the G20 to discuss the trade dispute between the two countries. Afterward, both sides agreed to delay any further tariffs. Market sentiment often moves like a pendulum and after swinging toward very negative sentiment near the end of 2018, markets have swung quickly back toward positive sentiment. Unfortunately, through the month of August, President Trump continued the threats to impose potentially devastating tariffs. While markets have reacted positively to the initial news from G20 summit, the details are sparse and don't provide a clear plan for rolling back tariffs. We're stuck with 25 percent tariffs on $250 billion of goods as soon as early September. This uncertainty will continue to cloud the global trade story until a concrete resolution is reached.

Despite a continuing trade dispute and a bit of weakness in the U.S. economy, the S&P 500, Dow Jones and Nasdaq are up for the 2019 calendar year. The U.S. Federal Reserve meeting on June 19 helped boost both the stock and bond markets by raising hopes of multiple interest rate cuts –a positive for markets. U.S. company earnings for the second quarter will be important for determining whether rising wages, interest costs and tariffs resulting from the dispute with China will affect record profit margins.

Central bank policy - The narrative has changed remarkably since 2018. Central banks were increasing rates and now they're discussing cutting interest rates multiple times while providing additional monetary stimulus. In the U.S., the markets are pricing in nearly three interest rate cuts of 25 basis points each this year to drive the target for the Federal Funds rate to 1.50-1.75 percent. Central Banks in Europe, Canada, and Japan may follow suit.

Looking forward - Despite the market rally, when you look at the big picture it would be wise to manage expectations going forward. The odds of a recession are still low, but the global economy is slowing, which will weigh on company profits. Mark Twain said, "History doesn't repeat itself, but it does rhyme." We are beginning to see economical patterns similar to those that developed in previous periods where returns were lower than average. It may serve investors to be less optimistic and play a bit more defense at this point in the cycle.

In the next few months we will be reaching out to our clients to book reviews and to reposition investments to be more conservative. If you wish to address it right away, please contact my office.

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Summer 2019

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My most important role is to help you achieve your long-term financial goals using proven strategies for income and wealth preservation. To ensure that you are provided with no less than the best possible support from myself and my team, I offer the following services:

1. Investment & Tax Planning
2. Education Planning
3. Net worth/Cash flow analysis
4. Accounting and Legal Professional Networking
5. Retirement Planning

We wish you a happy summer! Make the most of this all-too-short season. While enjoying these special times, have you thought of wanting just a bit more? A longer vacation next year? A place on a lake in the near future? A personal investment strategy can help you with these goals. Let's talk!

5 signs it may be time for a financial review

To keep your financial affairs in order, you need to review them anytime there's a significant change in your life. Any of these developments should trigger a review.

1. Job changes

A new job with higher pay may mean you should review your insurance coverage for income replacement and the contributions you're able to make to your investment portfolio. A decrease in pay, or losing your job, may require some short-term planning and budgeting.

2. Changes in marital status

When you get married, you'll probably want to review your will, as well as your insurance policies, pension plan, and Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF). The same applies if your marriage ends because of separation, divorce, or death. Getting married also means there may be spousal tax-saving strategies you can now use.

3. Major life events

Having a child means new responsibilities and new expenses — definite signals that you need to review your whole financial set-up, especially your insurance needs. Other major life changes include buying a home, starting your own business, retiring, or becoming disabled.

4. Economic changes

If the economy is heading for a shift, for example, a recession, you need to be prepared. A review is in order, including your investment and retirement plans.

5. A shift in your investor profile

As you get older, you may need to take a more conservative approach to investing. It's important to review your investment plan regularly to make sure it's appropriate for the type of investor you are today, not the investor you were five years ago. ◀