Grand Insights: Q2 2022

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Helping women reach their financial goals

By Shelley White

Erin Griffiths has long had a passion for helping people achieve better financial futures.

"I've spent my entire career, over 20 years, in the wealth space," says Erin. "For me, it's been a passion from the start, as I was able to see the difference that it can make in people's lives."

Erin is particularly driven by a desire to help women take control of their finances and attain their life goals. Women have historically been underserved by the wealth industry, and Erin says that there's a "huge opportunity" to do better for them.

She points to a PMG Intelligence report from December 2019 that found that while 94 per cent of women investors want to learn about money and finances, and 90 per cent regard advice from a wealth advisor as helpful, only 22 per cent of women have a financial plan prepared by a professional.

"There's such a demand for [financial advice], and there's been progress, but I think there's still a significant gap," Erin continues. "I would love to see us help close the gap that we've seen out there."

To that end, Erin is championing the expansion of The Scotiabank Women Initiative into Scotia Wealth Management. This successful two-year-old program has already made significant strides in supporting women entrepreneurs to grow, build, and sustain their businesses in Canada.

The Scotiabank Women Initiative launched in December 2018, led by executive sponsor Gillian Riley, now President and CEO of Tangerine Bank, to support women-owned, women-led businesses in Canada through access to capital, mentorships, and education. One year later, the program was expanded to women clients in Global Banking and Markets, led by Scotiabank's Loretta Marcoccia, Executive Vice President & Chief Operating Officer, Global Banking and Markets.

In its first two years, the program has deployed two-thirds of its $3-billion commitment in funding for women-led businesses and engaged more than 2500 women entrepreneurs across the country through over 100 boot camps and mentorships sessions. In celebration of its second anniversary, The Scotiabank Women Initiative launched a Digital Hub to deliver resources to help women entrepreneurs adapt to uncertain economic times.

On December 7, 2020, The Scotiabank Women Initiative™ for Scotia Wealth Management was launched, building on Scotia Wealth Management's Total Wealth approach to provide tailored wealth advisory services to women, just the way they want it.

Erin says the idea is to transform the way Scotia Wealth Management serves its women clients, to better understand women's distinct wealth management needs and provide a wealth advisory program that empowers women to take charge of their financial futures.

The program includes three pillars: education, advice, and access to wealth services. The education pillar provides online resources and interactive workshops to help women make informed financial decisions about areas of focus that may be of particular interest to women.
"Information around life transitions, like dealing with aging parents, navigating divorce, retirement. All those things that really are top of mind for our [women] clients," Erin says.

In the advice pillar, Scotiabank Wealth advisors receive dedicated training to work with women clients more effectively. "It's about training our advisors to have better, more meaningful conversations with their women clients," she adds. And through the access to wealth services pillar, advisors help women create a financial plan that will serve the entirety of their lives – from selecting appropriate financial instruments to transitioning their wealth and exploring how to leave a meaningful legacy through their estate.

"We want to change the way we serve our women clients as we go forward. Not just for our current client base, but also for future generations of wealth clients."

Erin says her passion to help people achieve better financial futures originated way back in her childhood. "I grew up in a family where there were stresses about finances, especially for my mother after my parents divorced, so I always wondered if there was something I could do in my career to help change that for other families," Erin says. "It came from a view that if you can remove some financial stresses from people, you can help clients live their best lives."

Early on, she was inspired by a female mentor whose life offered her a glimpse of what she could someday achieve.

"I love the quote, 'You can't be what you can't see,'" Erin says. "I was fortunate to know a friend's mother who was a senior executive at one of the banks, at a time when that was not very common. I always looked up to her and I continue to learn a lot from her to this day."

Erin developed her career in the male-dominated advisory space, spending nearly a decade with ScotiaMcLeod as Director of Products and Services. "I was lucky to have both men and women champions at Scotiabank to support me in my career development," she says.

Now, serving as Co-Chair of The Scotiabank Women Initiative for Scotia Wealth Management, Erin brings together several of her interests: helping people achieve better financial futures, driving change in the industry, and championing women.

Erin says she has been very pleased about how much momentum and support there is for The Scotiabank Women Initiative across the bank, from both men and women.

"It's not just being championed by women, our male executives are also one hundred per cent behind this initiative, and that's also been great to see," she says.

"We have trailblazers like Gillian and Loretta who've launched their pieces [of the program], but at the end of the day, it's incumbent on all of us to make sure that we do the very best job for our women clients and customers across the bank."

Market update: Uncertainty at its peak!

Global markets have been thick with uncertainty since the start of 2022. At present, Russia and Ukraine are engulfed in a full-fledged conflict. In response to the crisis, Ukraine's Western allies are supplying military aid and have initiated sweeping economic sanctions against Russia. The events are clouding the economic outlook and are exacerbating concerns for slowing global growth, tighter monetary policy, and red-hot inflation.

The conflict is escalating quickly:

- Ukraine's success in thwarting the initial Russian attack may lead to a heavier phase of an assault.
- Sanctions have been stepped up and will cause a more severe impact, increasing the risk of Russian retaliation.
- The dramatic escalation of European arms supplies to Ukraine increases the risk of conflict spilling over.
- Peace talks carry little chance of success given Ukraine is seeking Russian withdrawal, and Russia is seeking Ukrainian capitulation.

Macro implications:

- Escalating conflict combined with deeper sanctions raises the possibility of a more severe stagflationary shock in Europe, and, to a lesser degree, the U.S.
- The conflict has resulted in a historic swing back to militarization across Europe, particularly in Germany which will increase defense spending by ~US$100B. We expect this to be replicated across Europe providing multi-year fiscal support.
- Market volatility will remain high.
- A stronger U.S. dollar relative to the Euro.
- Likely less upfront tightening from the Fed.

Asset prices reflect expectations. Without solid footing, those expectations are likely to be swayed by headlines and speculation in the coming days. Accordingly, we plan to look through the short-term market reactions and focus on what we can control. The composition of our portfolios, which companies we hold, if and how the crisis may impact those companies' earnings, diversification within the portfolios, and maintaining a focus on high-quality assets.

We know for a fact that the U.S. and Canadian economies are performing well, and a near-term recession looks unlikely. Most of the companies we hold in our core portfolio have recently reported their earnings for Q4 2021. We are extremely pleased to inform you that majority of the companies in our core have had incredible earnings reports, either matching or beating estimates, with guidance also looking very strong. Our tech names (Apple, Microsoft, Qualcomm, Cisco, Block) have all had stellar earnings and issued robust guidance for the next quarter. Banks, utilities, and pipelines performed well, and Canadian National Railway had an excellent quarter. Brookfield Asset Management is looking very strong, as are healthcare names such as Pfizer and Abbvie. Chartwell Retirement Residence's (a senior housing company) earnings were not that great but were expected because of Omicron. We feel that Chartwell is almost at an inflection point, and going forward they should do well once occupancy rates start increasing and private players get more interested in the space. Agnico Eagles Mine acquired Kirkland Gold, and thus the portfolios hold AEM now.

ViacomCBS changed its name to Paramount, ticker PARA. The company has been growing its streaming business aggressively in recent quarters. The name change reflects the expectations that the business line will eventually account for the largest share of revenue. Even though they had exceptional earnings, the stock got crushed post-earnings. It is now trading at a very attractive valuation with a growing dividend.

Looking at our core portfolios and each company we hold gives us immense confidence that all the companies should perform well over the next three to five years. In the short-term, markets can sway from their fundamentals, and corrections are a normal part of the investing cycle.

We care primarily about earnings. Earnings growth drives portfolio returns over long periods. Also:

- Opportunities arise when bears widely outnumber bulls.
- A lot of bad news is already priced into the market.
- Valuations are down to more appealing levels.

Moreover, we believe expectations for policy normalization from the U.S. Federal Reserve have been set too high. Fewer rates hikes in 2022 would undoubtedly relieve investors and lead to a re-steepening of the curve, likely providing support to equities. In fact, the early innings of a Fed tightening cycle and a measured pace throughout tends to be associated with positive equity performance. Only at the tail end of the tightening cycle (i.e., when inflation-adjusted interest rates become restrictive) does equity/cyclical performance tend to trail off. Accordingly, we believe it is too early in the tightening cycle to fear the Fed.

Our fixed income portfolio is down slightly YTD but has done relatively well compared to standard government bonds or fixed income benchmarks. Each fixed income strategy we own is actively managed and has mostly low duration. We hold fixed income primarily for the cash flow, and capital preservation benefits. Right now, our fixed income strategies are generating close to 3-4% in income, which is expected to go up as interest rates rise.

We continue to prudently manage portfolios and navigate these uncertain times by staying active, staying disciplined, and always on the hunt for attractive opportunities both on the equity and fixed income side of the portfolio.

Thank you for trusting us with managing your wealth.

Team Update

Scotiabank has announced that as of March 14, we will begin to return to our offices. We are so excited as a team to finally be able to work together in-person for the first time since early 2020. Our offices will also be open for in-person meetings. Please let your advisor know if you wish to meet in person or continue your meetings virtually, we are happy to accommodate what works best for you.

Insider knowledge

Write your own retirement story

You've accomplished so much in your life and career—but there's still more to experience and enjoy.

As you plan for the next meaningful chapter in your life, you may be looking for ways to create a sense of personal fulfillment, as well as opportunities to plan your legacy.

For some people, finding their passion and purpose is obvious. You may have spent years dreaming about writing a memoir, opening a coffee shop, or volunteering with a charity that is important to you. For those less certain, retirement is a good time to reflect and find a new purpose.

Click here to read more.

Budgeting as a professional athlete

You can be a gifted athlete with extraordinary talent, strength, and coordination, but without the right coach advising and supporting you, you'll probably never reach your full potential. The same is true with money: even when a professional athlete earns a seven – or eight-figure annual salary plus lucrative endorsement deals, not having a financial plan in place can lead to money trouble later on.

In their prime earning years, most pro athletes are entirely focused on their sport, not on managing their money. Without the right financial planner on the sidelines, it can be easy for athletes to mismanage their money without realizing it. That's why it's important to have experts who can help you make smart investments, diversify your assets, and create a long-term plan that carries you through long after your sports days are over.

Here are a few financial planning and wealth management tips for professional athletes who want a road map that will take them towards a secure future.

1. Make short term income last beyond your earning years
2. Start saving early
3. Avoid debt and stick to a spending plan
4. Choose the right advisor for your team

Click here for three more tips.

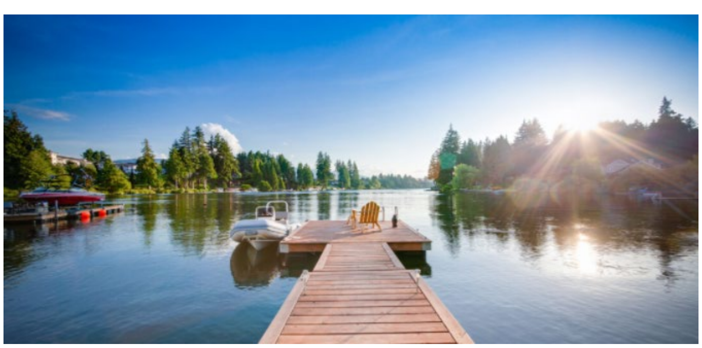
Insurance planning for the sophisticated investor

It is a common notion that insurance strategies at their most fundamental level are about managing risk and protecting against financial loss.

In the event of death, life insurance can serve many purposes, such as repaying debts, providing an ongoing source of income for loved ones, or funding a child's education. However, affluent investors often overlook the place that insurance has in their investment strategy, particularly as it relates to estate planning. Regardless of market performance and accumulated wealth, most people would rather leave more of their hard-earned wealth as a legacy to their family or charity, or both. Insurance can play an integral role in wealth accumulation during an individual's lifetime, preserve their wealth at the time of death, and help to transfer that wealth as efficiently and effectively as possible.

Click here to read more

The 50 best places to travel in 2022



By Travel & Leisure

Planning new adventures as a new year approaches is always a thrill, but finding the best places to visit in 2022 is unique. After two years of border closures, cruise cancellations, and travel restrictions galore, 2022 is the year we hope to get back out there, uninhibited (albeit vaccinated and COVID tested), return to our favourite destinations, and cross new ones off our lists.

Though the hospitality industry was hit hard by the pandemic, many properties used the forced downtime to renovate rooms, add new amenities, and expand outdoor spaces to offer even more once guests return. 2022 is when many travelers will venture further from home, and even overseas, for the first time since the start of the pandemic, finally reaping the benefits of these valiant efforts.

The 2022 list, organized alphabetically, doesn't hold back, with aspirational trips as far away as India, Mozambique, Qatar, and even space — but we're also including hometown favourites, like Walt Disney World and its new *Star Wars* hotel; the wellness retreats of beautiful Sedona; and the simple pleasures of small-town, farm-to-table living in Franklin, Tennessee. Because no matter what type of trip you've been dreaming of, we want to help you turn 2022 into the year you get back out there and make it a reality.

Click here for Travel & Leisure's top 50 travel destinations.

2022 tax due date calendar

Q1

January 1	New TFSA contribution room.
January 30*	Deadline to pay interest on a family loan at prescribed interest rates to avoid income attribution.
March 1	Deadline to issue T4s, T4As, and T5s and for issuers of TFSAs to file their annual information returns.
March 1	Deadline to contribute to an RRSP for the 2021 tax year (including Home Buyers' Plan/Lifelong Learning Plan repayments).
March 15	First quarterly personal tax instalment is due.
March 31	Deadline to file NR4s and T3 trust returns.

Q2

April 15*	Deadline to file U.S. individual income tax returns for 2021 or 6-month extension requests.
	Deadline to file 2021 report of foreign Bank and Financial Accounts, FinCEN report 114 (formerly FBAR), for US citizens living in Canada.
April 30*	Deadline to file personal income tax returns for 2021 where the taxpayer or taxpayer's spouse/common-law partner does not have self-employed business income.
June 15	Second quarterly personal tax instalment is due.
	Deadline to file personal income tax returns for 2021 where the taxpayer or taxpayer's spouse/common-law partner has self-employed business income.
	Deadline to file GST/HST returns for self-employed individuals with a December 31 year-end.
	Deadline to file 2021 U.S. individual income tax returns for U.S. citizen or resident alien residing abroad and U.S. non-resident with no withholding tax.

Q3

September 15	Third quarter personal tax instalment is due.

Q4

December 15	Fourth quarter personal tax instalment is due.
December 28	Last trading day to settle a trade in calendar year 2022 for Canadian tax-loss selling.
December 31*	Contribution deadline for Registered Education Savings Plans (RESP).
	Deadline to make charitable donations to be claimed for the 2022 tax year.

* If the deadline falls on a Saturday, Sunday or a holiday, taxpayers have until the next business day to file.

Important reminders

2022 TFSA dollar limit: $6,000
2021 RRSP dollar limit: $27,830
2022 RRSP dollar limit: $29,210

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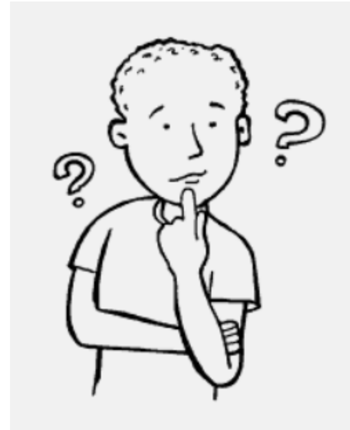
Scotia Wealth Management®

Riddle: Hotel Stay



Three friends are on a road trip, and they rent a triple room for a night. When they get to the hotel, they pay the fee of $30 and go up to their room. The porter brings up their bags and refunds them $5 because the hotel is running a weeknight special. The three friends each keep one of the dollars and give the porter a $2 tip. Later, they sit down to work out their expenses for the weekend and find they have a problem.

They each paid $10 for the room and got $1 back each, making their contributions $9. Then they gave the porter a $2 tip. However, 9 times three is 27, plus two is $29. Where did the extra dollar go?

If you have friends, family, or colleagues whom you feel would benefit from the same sound investment strategy and personal, attentive service you receive, please feel free to introduce them to us and we would be more than happy to understand their unique situation and offer a complimentary second opinion.

Jonathan Rigby, BA, CIM®, FCSI
Portfolio Manager
jonathan.rigby@scotiawealth.com

Tanner Michalek, B.Comm, CIM®
Portfolio Manager
Wealth Advisor
tanner.michalek@scotiawealth.com

Ankur Gupta, CFA, MBA, CFP®, B.Eng
Associate Portfolio Manager
ankur.gupta@scotiawealth.com

Kristen McQuiggin, CIM®, FMA, CFP®, FCSI
Investment Associate
kristen.mcquiggin@scotiawealth.com

Jackie Gill, BA, PFP
Investment Associate
jackie.gill@scotiawealth.com

Kyla Vendrig, B.A, CIM®
Investment Associate
kyla.vendrig@scotiawealth.com

Dora Nicolici
Administrative Assistant
dora.nicolici@scotiawealth.com

Trish Hunter
Administrative Associate
trish.hunter@scotiawealth.com

Sheri Thomson
Administrative Support Assistant
sheri.thomson@scotiawealth.com

115 King Street South, Suite 210 | Waterloo, ON | 5 19.772.0905 | grandadvisorygroup.com