Portfolio *Confidential*

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Do you have questions about your own investment portfolio? *I have recently set up The Rich Thinking® Financial Advice Hotline. This will be a win/win: you get a free 30-minute confidential Zoom chat offering an independent, unbiased perspective on your financial situation with no sales pitch! In exchange, I get to use the anonymized data that will come from these conversations to make my Rich Thinking research even better. Email me tobook your Zoom discussion:* ***barbara@barbarastewart.ca***

My daughter recently told me she is planning to move in with her girlfriend sometime in the next few months. They have been in a serious relationship for a couple of years. I am 100% supportive but I wonder if you have conducted any research that looks at the financial implications for lesbian spouses and how things may differ from heterosexual couples?

I spoke with Myles Meyers, the CEO of Superbia, which is a New York based social enterprise fintech that includes the world's first credit union to serve the national LGBTQ community. Meyers founded Superbia "to bring a better level of decent treatment of people in an industry that can often be heartless when you most need it."

There are some rather glaring financial differences for same-sex couples versus straight couples. Check the Superbia site (https://www.superbia.org/) for full information.

One excerpt:

"Applying for a mortgage is one of the first steps couples take when buying a home, but a new study suggests lenders are less likely to approve same-sex couples. Researchers in Iowa State University's Ivy College of Business analyzed national mortgage data from 1990 to 2015 and found an entire generation of LGBTQ people applying for mortgages (as same-sex couples) experienced a 73% higher risk of being denied that mortgage than a 'straight' couple applying under the exact same criteria."

Other things to keep in mind:

Women are still earning less than men. There are different expectations about what women's careers should look like, and so two gay men have the potential for doing better than two women in a same-sex marriage.

And from Lifelong Adoptions (https://www.lifelongadoptions.com/lgbt-adoption/lgbt-adoption-statistics): "When it comes to starting families, studies showed that same-sex couples are four times more likely to adopt a child and six times more likely to become foster parents. Unfortunately for everyone involved, this comes at a price. The cost of adopting a child can cost up to or more than $40,000, and for couples that go the surrogacy route, fees can run about $150,000."

All of these are good reasons to make sure that both partners in a lesbian couple are educating themselves about financial matters and becoming involved in all financial decisions. Include the relevant statistics and implications into all elements of financial planning.

After seeing the "chips are the new oil" headlines during the recent pandemic, I am interested in investing in the semiconductor sector. How can I do this, and am I too late? I see that the Philly Semiconductor Index is up 27% year to date…what additional factors will drive chip demand over the next few years?

I am not a semi expert, but reached out to one, who was happy to offer some high level views, but anonymously.

"There are a number of ETFs in Canada that allow you to invest in the chips sector, but without tying you into any one semiconductor player. The largest are the Van Eck (SMH), the SOXX and the S&P Semi ETF (XSD.) All have long track records and over US$1 billion in assets. Most have about 40 stocks or so.

The chip industry looks like it will decline in 2023, down about 4% to US$557 billion, the first decline since 2019, which is why chip stocks sold off in 2022. Even now, companies are laying people off, reducing inventories and production…and, as always, the market is looking past that and focusing on long term growth. The industry is expected to hit about US$1 trillion in 2030, which would imply a near doubling in seven years, or an 8.8% compound annual growth rate. That's well above GDP growth, so likely deserves a robust valuation.

One different thing about the next 7 years compared to the last 7 will be where those chips are destined. According to McKinsey, 70% of the growth in chips by 2030 will come from just three end markets: automotive, data centers, and wireless communications.

To some extent, betting on chips is betting on increased electrification of cars and cars with more and more driver assist technology, plus betting on the cloud and video streaming and AI.

The most recent news is around the need for chips to support what's going on in generative AI. ChatGPT and all its companions seem like magic…but rely on high powered specialised processors and accelerators. So far this year, one company that makes those generative AI chips went from being expected to miss its quarter…to raising guidance due to demand for these chips! All in a single three month period.

Will that demand last? Will it be even bigger than it looks now? Is all of this already perfectly priced in semi valuations? Those are harder questions, but it is clear that semi companies have a bunch of tailwinds over the rest of this decade."