



Portfolio Confidential

Barbara Stewart

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 to book your Zoom discussion: barbara@barbarastewart.ca

My dad passed away a couple of years ago, and my mom isn't doing great and needs a lot of care. I did most of it (visiting her, cooking for her, taking her to medical appointments, cleaning her place, helping her in the bathroom, etc.), but my brother Tom was the one who helped her with her investment portfolio. Tom recently lost a huge amount of money in his own account—he had most of it invested in crypto. He just told me he has lost confidence and no longer wants to be responsible for managing mom's money. I'm a 29-year-old registered nurse with no finance background, and this just landed in my lap. How can I learn about investing quickly!?

First, you might be surprised to learn that you are not the only daughter in this situation. According to a 2017 report from JAMA Neurology: "Women now outpace men in hours spent caregiving for their aging parents and their in-laws: Women provide nearly two-thirds of elder care, and daughters are 28 per cent more likely to care for a parent than sons." Daughter Care is not only a real thing but also a growing thing, and it often includes managing investment portfolios.

How to get started learning about investing? Fortunately, the culture around finance and investing has evolved: younger women are redefining the world of finance and financial behaviour. I recommend that you join the social e-learning platform Female Invest (<https://femaleinvest.com/en-GB/about-us>), which is now in over 60 countries. Their tagline is "Be the Boss of Your Money", and for approximately C\$13 per month, you can have access to many excellent resources and community discussions.

My research has shown that "...when it comes to learning about financial matters, most women do not watch financial news on the television, take financial courses, or spend time talking about their winners and losers. Women tend to be more interested in learning about financial matters by reading or listening to real stories from real people." How do they do this? Online, of course! From the 2022 Rich Thinking® Quantitative Survey: An amazing 64 per cent of 18-29-year-old U.S. women either invest already or plan to invest within the year, higher than any other age group. Of the women who are already investors, 96 per cent use an online platform.

My portfolio has taken quite a beating since December 2021. My investment advisor is linked to Portfolio Strategies and has offered no advice over the last eight months, which I find unacceptable. Please let me know if you would be interested in giving me an unbiased perspective regarding my next moves to correct and rebalance my investments. My wife and I are in our sixties, and our objective is quite straightforward: growth for the long term so that we can draw around 4 per cent per year, which, combined with our pensions, will support our lifestyle.

First, let me say I am appalled that you have not received any communication from your advisor in the last eight months, particularly in light of the fact that we have endured the steepest drop in market values in the last 50 years! This is obviously unacceptable. Second, I find it quite ironic that a firm called "Portfolio Strategies" would continue to associate with an advisor that clearly hasn't offered you any type of portfolio strategy. Why do I say this? As you explained, your investment objective

Summary of Investments and Cash Accounts

Investments	Market Value Dec 31, 2021
EdgePoint Global Portfolio Series F(N) non HST - 5001 No Load	\$212,460.29
Fidelity Canadian Growth Company Fund Series F - 665 No Load	\$41,575.07
Cancoe Global Equity Fund Series A - 1041 FEL	\$7,654.95
Cancoe Global Equity Fund Series A - 10422 DSC'	\$23,109.58
Cancoe Global Equity Fund, Series F - 1043 No Load	\$14,382.47
Cancoe Defensive U.S. Equity Portfolio CI Ser AX - 11017 FEL	\$10,178.90
Cancoe Defensive U.S. Equity Portfolio CI Ser A - 1102 LL'	\$34,922.29
Cancoe Defensive U.S. Equity Portfolio Class, Series F - 1103 No Load	\$189,652.68
Cancoe Defensive U.S. Equity Portfolio CI Ser AX - 11227 DSC'	\$44,058.82
Cancoe Premium Income Fund, Series F - 3302 No Load	\$6,387.69
Pimco Monthly Income Fund (Canada) - 505 No Load	\$212,304.25
TD U.S. Mid-Cap Growth Class - F Series - 2305 No Load	\$51,561.55
TD U.S. Blue Chip Equity Fund - F Series - 410 No Load	\$235,054.80
Total	\$1,083,303.34

is quite straightforward; yet your portfolio holdings are unnecessarily complicated. There are too many different mutual funds and too much variation in the percentage weightings for each fund. I can't think of a reason for this other than your advisor having a self-serving interest in selling a bunch of funds with higher Management Expense Ratio (MERs) so that he can earn as much as possible on top of his fee-for-service.

For confidentiality reasons, I cropped the advisor's name from the statement excerpt above, but it may be of interest to note that when I googled his name, I found out that he has only a high school education and a mutual funds sales licence. Sadly, this lack of appropriate education (such as the CFA) is still all too common in our industry. My best advice at this point would be to speak with your tax advisor and put together a plan to transition out of mutual funds and into either a) three low-cost Exchange-Traded Funds (ETFs) that offer exposure to world markets* or b) a well-diversified portfolio of individual equities selected by a professional money manager with proper qualifications.

*Sample three ETFs:

- 1) XIU: ISHARES S&P/TSX 60 INDEX ETF,
- 2) VUN: VANGUARD U S TOTAL MARKET INDEX ETF, and
- 3) XEF: ISHARES CORE MSCI EAFE IMI Index ETF

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