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In Investing**
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CANADIAN JUNE 2021

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7 REASONS To Avoid Bank's Mortgage Insurance



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Portfolio *Confidential*

Barbara Stewart

Real world confidential portfolio discussions:

My partner Horaldo and I work as engineers at the same firm and we are both turning 37 this year. We each have a TFSA, a company RRSP, a regular RRSP and a small non-registered account. Our total combined portfolio value is just under \$900,000 and I have attached the holdings in each account for your review. We have a few questions for you:

#1: What is the most important thing we should be doing right now?

You should clearly articulate your investment objectives and then determine your overall strategic asset mix. Briefly, the individual securities and ETFs in the accounts look perfectly fine – provided that your objective is long-term growth with a corresponding asset mix of 90% equities. I advise putting together a one-page Investment Policy Statement (IPS) to act as a reference for all your future financial discussions. Here is an example:

Investment Objectives

Return requirements: Define your short and long-term goals. What is your expected rate of return over time? Do you currently draw income from your portfolio to cover living and other expenses?

Risk tolerance and capacity: Do you have the financial means overall to withstand losses in the value of your portfolio without impacting your standard of living? How have you reacted emotionally in various market conditions?

Investment Constraints

Liquidity needs: Do you need to keep cash on hand for short-term needs (under one year)?

Time horizon: What is the timing of all future events that will require funding/income? How long do you plan to invest for?

Tax considerations: What is your marginal rate? Do you have any tax loss carry forwards? Do you have structures in place to optimize your tax situation?

Legal constraints: Are you an insider of any public companies? Are you a US person?

Unique preferences: Do you prefer to avoid investments in specific sectors or companies?

#2: What is the most important thing we should be doing right now?

Well a great start is a subscription to *Canadian MoneySaver* magazine! Reading is critical whether it is investment magazines or the finance section of the newspaper.

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