



Portfolio Confidential

Barbara Stewart

Do you have questions about your own investment portfolio?

Consider calling 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

First, my wife has been retired for three years now. We both have non-registered accounts of equal value generating about \$50k each in dividend income. There are fairly large unrealized capital gains in both accounts. If we move both accounts to a joint account would that trigger capital gains?

Second, for just over a year I have had a Personal Real Estate Corporation. Would it be wise to trigger capital gains now to even out our tax bill over our lifetime as we also have a couple of rental properties with about \$500k in capital gains?

As my expertise is largely in portfolio analysis and strategy, I opted to ask Jason Heath to weigh in on these more structural tax-related portfolio questions. As Managing Director of Objective Financial Partners Inc., Heath has been providing fee-only, advice-only financial planning since 2002.

Heath's advice:

"If you have individual non-registered accounts, you can make them into joint accounts without triggering capital gains tax. It could be advantageous to do so for administrative and estate planning purposes for spouses. You can make the accounts joint legally while still having the dividends, interest, and capital gains taxed to the original spouse. This is because of the distinction between legal ownership – who is legally on title for an asset – and beneficial ownership for who pays tax on it. You can identify whose account belongs to who by the first name. So, the "Husband and Wife" account could be the husband's for tax purposes, and the "Wife and Husband" account could be the wife's for tax purposes. You may then maintain two joint non-registered accounts thereafter.

A corporation can provide a lot of tax planning flexibility. You don't have to take withdrawals from the corporation

and can pay the low corporate tax rate on profit retained in the corporation if you don't need withdrawals for living expenses. You can open an investment account for the corporation to invest that cash as well. Depending on the size of your RRSPs, your expenses, and your life expectancy, you might not need to withdraw much from the corporation and could potentially build up savings inside of it.

Financial planners often use financial planning software to model a situation like this and test different scenarios. You can see what fact pattern maximizes your retirement income or your estate value, depending on whether one or the other is more important to you.

Minimizing your income by leaving money in the corporation could also provide more opportunity to rebalance your non-registered investments if that makes sense. It could involve triggering capital gains while other sources of income are lower."

My mom passed away in 2024 and left me with a significant inheritance. I decided to split the total amount between two different investment advisors so that I could possibly learn from each of them. My direction was the same for both: 70% stocks and 30% bonds. I wanted a conservative "nothing fancy" approach with a focus on long term growth. Comparing apples to apples, for the time period of November 1, 2024 to December 31, 2025, why was the return on the Portfolio 1 +17% versus only +7% for the Portfolio 2? I am perplexed.

The reader attached information for both of her portfolios and the two banks were remarkably similar in terms of the individual names they invested in for both stocks and bonds. But I noticed that there was something interesting going on in the second equity portfolio.

Portfolio 2 had a 20% exposure to "Alternatives" as part of their 70% equity allocation. This was a red flag to me in this situation where "nothing fancy" was the directive so I checked back with the reader and the decision to include alternative assets was never discussed. In fact, the reader had never even heard of alts as an asset class!

The alternatives included:

Lysander Corporate Value Fund

Management Expense Ratio 0.91%

One year return of 3.6%

Algonquin Fixed Income Fund

Management Expense Ratio 1.20%

One year return of 5.2%

Dynamic Premium Yield Fund

Management Expense Ratio 2.22%

One year return of 8.8%

Dynamic Global Fund

Management Expense Ratio 2.33%

One year return of 14.9%

New Gen Alt Fund

Management Expense Ratio 4.35%

One year return of 18.0%

Leaving aside the fact that a one-year return is too short a period to evaluate portfolio performance, based on the lack of appropriate communication here I feel I know enough to evaluate Portfolio 2 advisor's performance. Taking advantage of an unsuspecting new client and padding an equity account with exciting (and high MER) alts? Not cool. Certainly, alternative assets can have a role to play in a long-term portfolio strategy but the client needs to understand exactly what they are invested in, and give informed consent.

I noticed in your Portfolio Confidential column of February 2026 you suggested to a reader that you would be willing to help them find a trustworthy advisor. My wife and I are in our 80s and have managed our investments ourselves for most of our married life. On two occasions we tried having an advisor look after our investments but with little success.

The latest being in 2022 when we placed the required funds in the hands of a Private Wealth advisor at one of the big six banks. We also provided the advisor with a print out of our current investments (all equity) and asked that they not duplicate them in the new accounts they were opening. In a single day (May 5 2022)

they invested the entire amount in the market with no regard for price including duplicating equities we already held. It appeared to me they had a standard list of equities they applied to all customers regardless of the investor's instructions. Needless to say we didn't stay with that advisor very long.

Being in our 80's we realize we should have turned over the managing of our investments to an advisor by now but based on our previous experiences we are still holding them in a discount brokerage. Any help/suggestions you can provide would be appreciated.

I offer a 30-minute confidential Zoom call, but sometimes as in this case, readers prefer a back and forth via email. I don't like to make assumptions (especially those based exclusively on age...) so I asked a few questions:

1. Are both you and your wife comfortable managing your investment portfolio at this point? How has it been going?
2. Do you think you "should" have an advisor because of your ages or are there are other reasons you would like to find someone trustworthy?
3. Where are you located?
4. What is the approximate size of your overall portfolio and the number of different accounts?
5. If you do decide to use an advisor, would you like to be involved in the decision making or would you prefer to outsource the trading once you have established a clear plan?

The reader's answers:

1. I manage 95% of our investments. My wife doesn't really get involved. We've managed an average return over several years. We don't make a lot but we don't lose a lot.
2. If something happened to me, my wife wouldn't be comfortable managing the investments herself. We have a daughter who I also manage a small portfolio for. She has no interest in managing investments herself but has an excellent pension at work.
3. We live in Ontario.
4. Approximately \$2.5 million but I would never want it all invested in the stock market.

5. I'm not sure. I would like to have the confidence in the advisor to be able to step away from it but I'm not sure I can at this point. I would hope we can find an advisor that I would be confident in him/her looking after my wife and daughter if something were to happen to me.

Based on this information, I thought it best to make two different introductions to advisors I felt would possibly be a good fit for this couple. In both cases, several of

their clients started relationships with them for similar reasons: self-managed investments by the husband but wanting to make sure that if anything happened to him, the wife would be comfortable outsourcing the job to a trusted advisor.

I have known the two advisors both personally and professionally for many years. In my view they are two of the best qualified, knowledgeable and empathetic advisors in the country. Importantly, their firms are independently owned and operated.