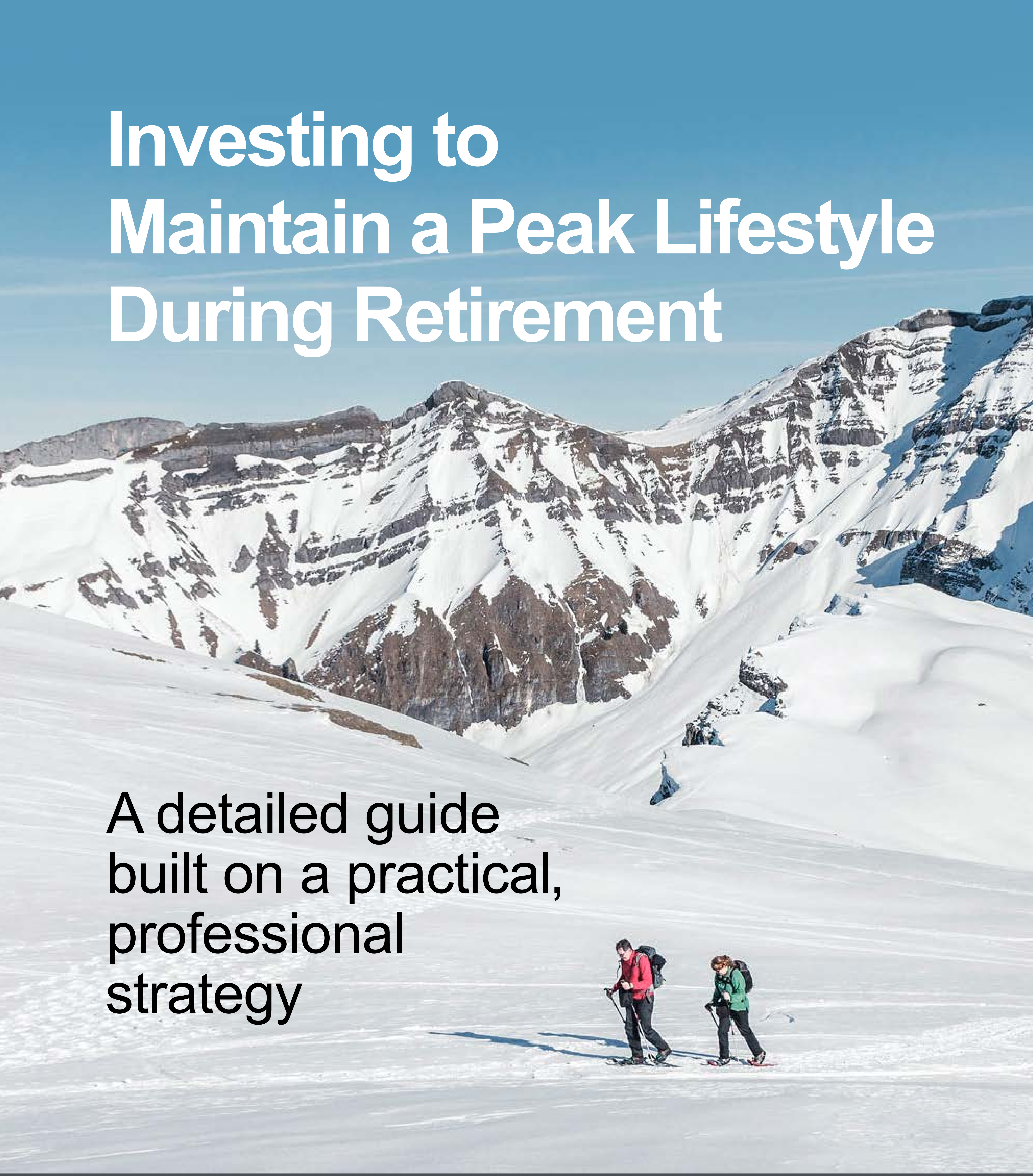
Investing to Maintain a Peak Lifestyle During Retirement



A detailed guide built on a practical, professional strategy

Wealth Management
Dominion Securities

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WEALTH MANAGEMENT

Retirement changes everything. Are you comfortable with the state of your investments?

Retirement is a significant turning point in your life. Your priorities shift. Your income changes. How and where you spend your time is different.

In addition, retirement age often coincides with other life events. You or your spouse may become beneficiaries of a family estate or inheritance. You may choose to downsize your home.

For some, these changes are a signal that it’s time to consolidate and get a better handle on their investments.

That’s where I come in. I work with clients like you who have portfolios between $1 million and $10 million. I want to make sure that you are comfortable with the state of your investments.

I can help you make the most of your finances so that you can maintain your peak lifestyle for years to come.

An investment plan comes first, followed by a wealth plan

Everyone has different goals for their investments.

For example, some of my clients want to live comfortably off their investment income, never touching the principal.

Others have extensive travel plans, which may include a second home.

Still others plan to help children or grand-children buy a home or continue their education.

Whatever your goals, I work with you to tailor a portfolio to meet your requirements.

For many years, I've used a strategy I call the Pearlstein Relative Fixed Equity Ratio, or PRFER.

The overall goal of PRFER is to:

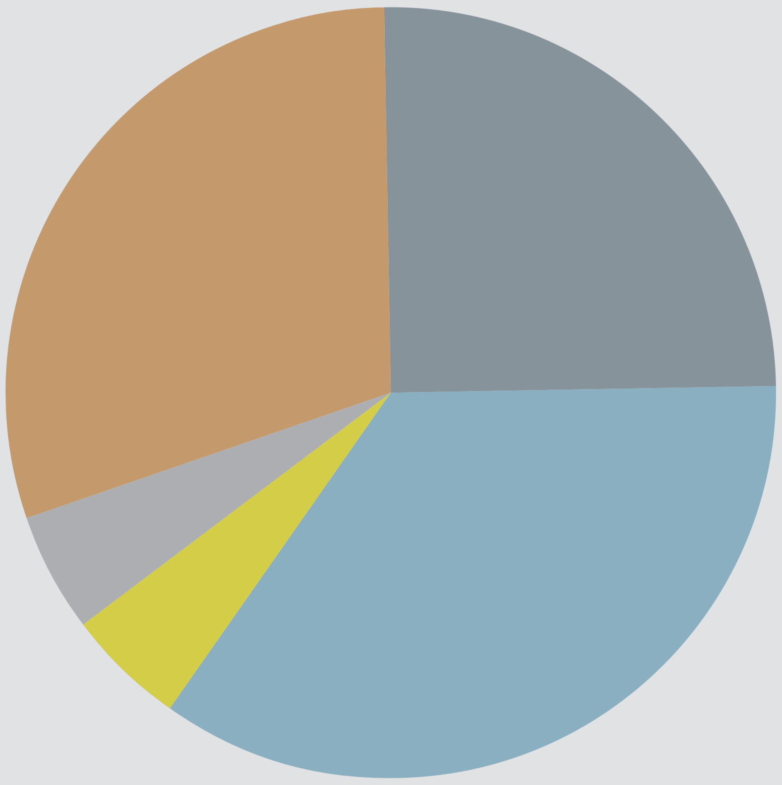
- Create a flexible investment portfolio that answers your objectives
- Protect and grow your capital
- Provide a reasonable rate of return based on acceptable risk

With my extended team, services also include wealth planning, tax-efficient insurance solutions, and comprehensive estate planning.

Do you know what's in your current portfolio?

Typical Inherited Portfolio

- **40% High-fee mutual funds**
- **30% Equities** (To keep in new portfolio)
- **15% Illiquid complicated securities**
- **10% Overly aggressive equities**
- **5% Failed hot tips**



Portfolio To Meet Client Objectives

- **35% Growth equity**
- **30% Dividend-paying**
- **25% Fixed income**
- **5% Gold**
- **5% Cash**

When I work with new clients, I usually inherit an existing investment portfolio. After determining the client's investment objectives, my first task is to analyze the portfolio to see how well it matches them.

Sometimes, the existing portfolio aligns quite well.

But over the years, I've been surprised by the make-up of some portfolios. Often, they seem like a random collection, many times with equities that were once "hot" but have not performed well.

Sometimes I've found funds with very high fees relative to performance.

My goal is to lay order to the portfolio so that it matches the client's objectives.

You deserve a portfolio that is appropriately diversified, and that makes sense to you.

Deep research, key market indicators

I've created a system of key indicators that I look to for the direction and strength of equity markets.

Here are two favourites for stocks:

I look at the **Financial Industry Regulatory Authority (FINRA)** for monthly updates on margin debt levels. How much are investors borrowing to buy? Historically, high debt levels often precede periods of volatility. Low levels may indicate buying opportunities.

I follow the **put/call ratio** to judge options-trader sentiment on the market and specific stocks. A low ratio suggests a strong bullish sentiment. A high put/call ratio means the opposite. This is often a much better indicator than "gut feel."

For bond markets, I pay particular attention to these indicators:

I track the **10-Year U.S. Treasury Yield**, an indicator of worldwide investor confidence. U.S. government treasury securities are generally seen as safer than stocks. Declines in the yield generally indicate caution, while gains signal global economic confidence. It's also a proxy for mortgage rates.

I get valuable insights tracking **credit spreads**. The spread is the interest rate premium that investors demand to hold corporate debt over safer U.S. treasuries. The higher the spread, the greater the borrowing cost for corporate bond issuers. Low spreads represent broad market confidence; high and rising spreads indicate the opposite.

stocks

- Financial Industry Regulatory Authority (FINRA)
- Put/Call Ratio

bonds

- 10-Year U.S. Treasury Yield
- Credit Spreads

Diversification, real value, appropriate levels of risk

When I build portfolios for my clients, I look to diversification, real value and appropriate levels of risk for each individual.

A diversified portfolio makes good investment sense. I look for a balance of equities and fixed income, various sectors, as well as global regions. All of these can be fine-tuned to suit individual portfolios. Diversification is a typical way to moderate risk in a portfolio.

Similarly, I look at equities in terms of real value. Does the share price make sense relative to earnings? How does it stack up against price-to-earnings (P/E) ratios for other companies in the same sector? Is it reasonably valued, undervalued, or expensive at the current price?

There is no magic formula. I count on key indicators and my years in the business to give me a good feel for the overall market.

What about IPOs, trendy stocks, and crypto?

Sensational headlines can be a distraction for investors. They drive our fear of missing out (FOMO).

Take IPOs, for example. During launch, the company tries to have their shares “priced to perfection.” In other words, to extract as much as possible from the IPO. That often creates a spike, followed by declines as the excitement wears off.

If it’s a good company, I believe there will always be time to buy in at a later date.

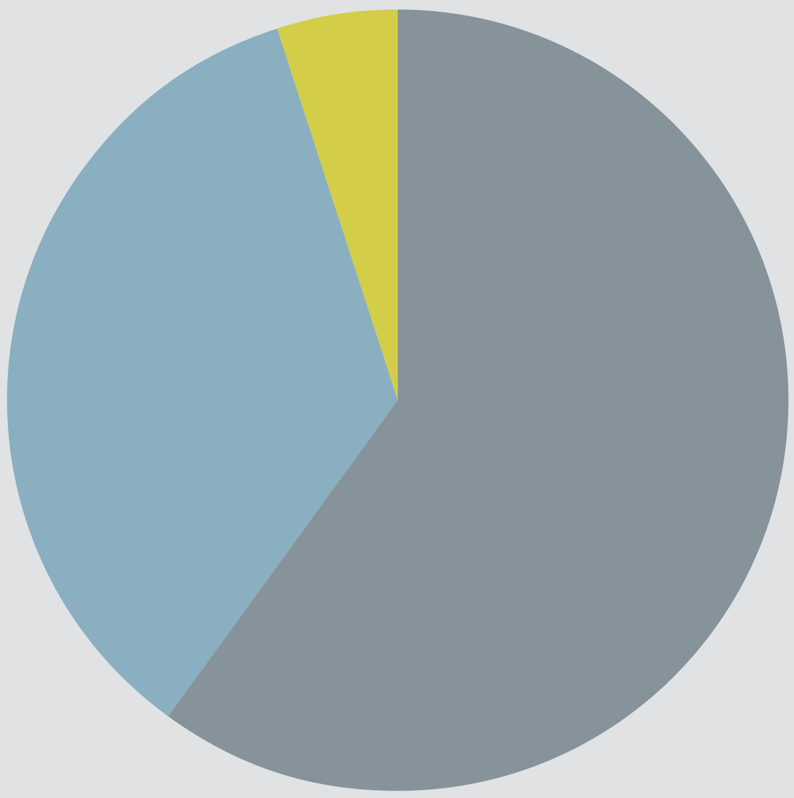
Every year, a few trendy companies seem to fire up the imagination and trade at outrageous multiples. My take? That’s gambling, not investing.

What about cryptocurrencies? If you’re intrigued and have cash outside of your portfolio that you can afford to lose, then I leave it up to you. I think the jury is still out, and at this stage, I don’t believe crypto belongs in your portfolio, especially if you’re near retirement age.

The PRFER strategy builds appropriate portfolios

There are many ways to build a portfolio based on the PRFER strategy. Note that these percentages are approximate and can easily be adjusted.

Conservative Portfolio



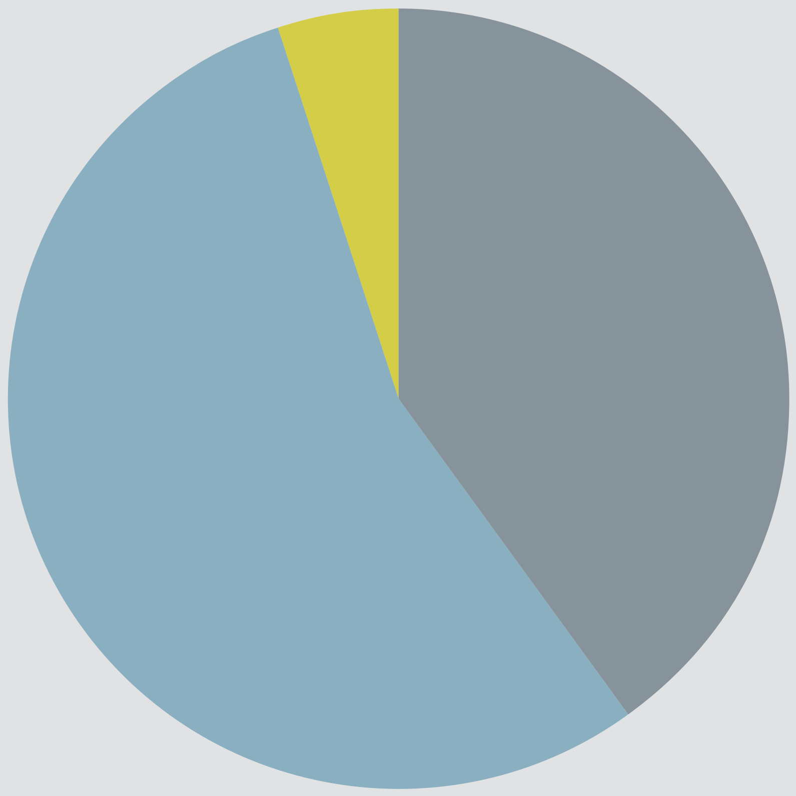
- **60% Fixed income**
- **35% Equity**
- **5% Cash and equivalents**

This portfolio may be suitable for an investor who wants to stay ahead of inflation, but isn't comfortable taking on much volatility.

For example, this may be a business owner who still has an ownership stake in their business, has other less-liquid assets such as real estate, but seeks to do better than staying in fixed income.

This portfolio would be managed with the objective of generating income while preserving capital.

Balanced Portfolio



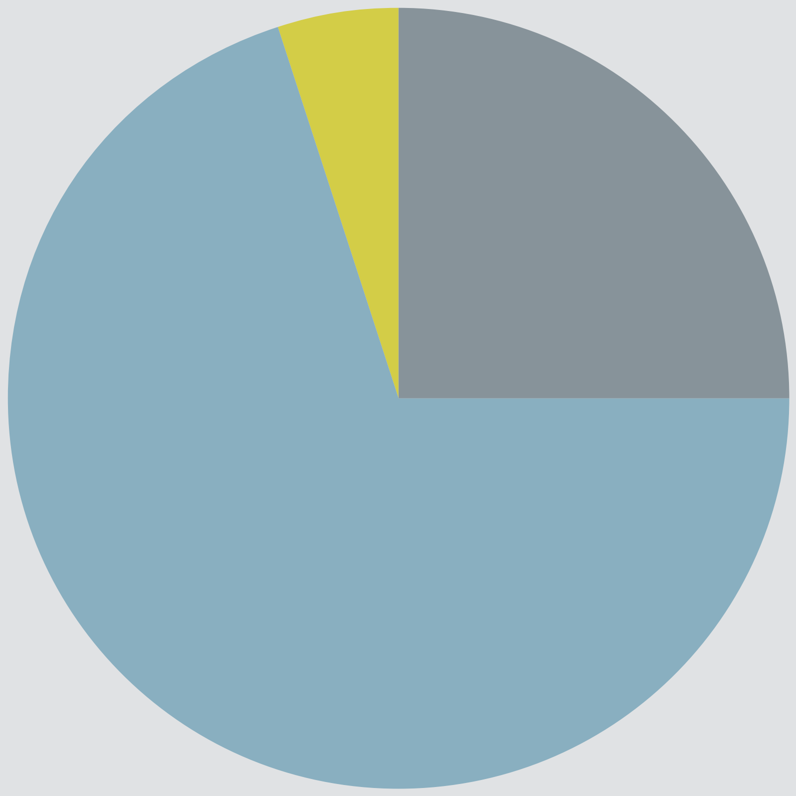
40% Fixed income
55% Equity
5% Cash and equivalents

A balanced portfolio may suit those who are reasonably diversified with a second home, an RSP, and insurance for estate-planning purposes.

They may be looking for both growth and income, with a tilt towards growth. Here, exposure to North American markets may be sufficient. However, a percentage of equity could be allocated to higher growth markets.

This portfolio would be managed with the objectives of generating growth of capital and income.

Growth Portfolio



25% Fixed income
70% Equity
5% Cash and equivalents

A growth portfolio may be suitable for investors who are comfortable taking on more risk to potentially obtain higher-than-average returns.

Equities would be allocated to well-managed businesses. When funds are needed, the fixed income component acts as a reserve. As well, trimming exposure to equities in up markets can also help fund lifestyle.

This portfolio would be managed with the objectives of generating growth of capital and income.

What to expect when you contact me

When you call, you'll get me on the line. Perhaps that sounds obvious, but that's not the case everywhere. This is the beginning of the personal attention you can expect from me.

On this call, I want to understand your story, your current situation, and your investment goals. I'll also answer any questions you may have about the markets, how we might work together, and ask questions to help us determine whether we are right for each other.

I'll need a quick financial snapshot so that I can create a proposal for you. There is no cost or obligation for this proposal. After you read it, I would appreciate a follow-up call to review my recommendations.

Of course, my hope is that we will work together, but that decision is entirely yours. I'm pleased to put together a proposal to help in any way I can, regardless of whether you become a client.

Contact me:

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Over 30 years of financial services experience

Over the past three decades, I've seen many market cycles, both ups and downs. I've watched companies and industry sectors rise and fall in popularity. This has given me the long-term perspective that I believe is critical in today's market.

In retrospect, it seems I was born for this. My father was well-known on Bay Street, and as a young boy, I would watch him reading and researching in his den. We went on to work together for many years. It was one of the joys of my life.

From him, I learned the value of being prepared and helping clients make big-picture financial decisions. That is why I offer wealth planning services in addition to investment planning.

If my philosophy and services sound right for you, I invite you to get in touch. We'll learn more about each other, and take it from there.

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MARK PEARLSTEIN
WEALTH MANAGEMENT

TRANSPARENCY, EXPERIENCE, TRUST & SERVICE

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