DUNHAM FINANCIAL
WEALTH WISE

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Now that the days are getting longer, you may be starting to plan Spring cleaning for your home and yard. Like your home, your portfolio, too, needs regular maintenance and can benefit from a top-to-bottom review and refresh.

What does that involve? It means taking stock of your current holdings to make sure they continue to align with your goals and reflect your tolerance for risk. It also means checking that you're making the most of current market opportunities. Call us today to set up an appointment.

FOCUS ON RETIREMENT

Top 3 ways to celebrate your peak earning years

Do you have less than 10 years until you leave the "daily grind" behind? Now is the perfect time to capitalize on those peak earning years to make sure you are on track to achieve the retirement lifestyle you want.

The bucks are rolling in

As you head into your last decade of work, you are likely to be making more money than ever before. If you are an entrepreneur, you have built a loyal client base. Executives have climbed the corporate ladder. Union workers have reached top seniority pay rates.

And there's more good news: Many of the expenses you've been carrying for years have diminished or even disappeared. For example: chances are your home is paid off and your kids are (hopefully) increasingly independent.

All of this adds up to more disposable income that you can put aside for your future. The next step is to put those extra dollars to the best use possible.

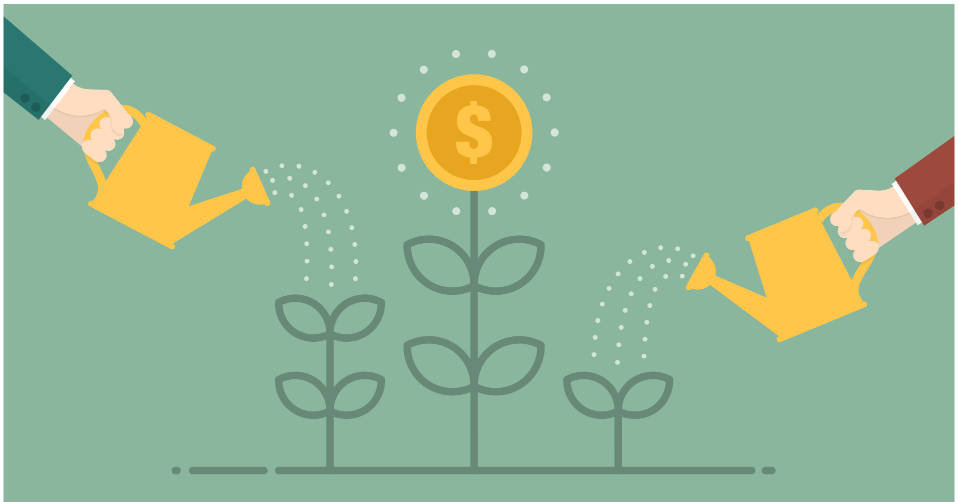
Cue the reality check

Start with a reality check: Where are you now and where do you want to be when you retire? By assessing how long you expect to continue working, how much you will earn, and how much you have already saved, we can identify how much further you have to go.

This is also the time to review your tax position, both what it is now and what it will be when you retire, to see whether you might be able to implement income-splitting strategies or benefit from a spousal Registered Retirement Savings Plan (RRSP).

Call us today for retirement pre-planning strategies that can help you realize your retirement vision. ■

Invest in what the world needs to give your portfolio a boost



MUTUAL FUNDS

Aging populations and slower economic growth are becoming part of the new normal, but there are a number of things the world will need in the years ahead — from infrastructure and technology, to health care and energy. For investors, this spells opportunity.

Sector-focused mutual funds are an easy and convenient way to tap into these long-term growth themes. You benefit from professional management and gain access to a diversified group of companies within the sector.

Infrastructure

Years of underinvestment in critical areas, such as highways, ports, water treatment facilities and power grids, are catching up with countries around the world.

The McKinsey Global Institute estimates that the world needs to invest an average of $3.3 trillion annually just to support expected rates of population and economic growth over the next 15 years.[1] Emerging economies will account for about 60% of that need.[1]

But opportunities closer to home are also presenting themselves. Infrastructure spending is a cornerstone of U.S. President Trump's economic stimulus policy.

Infrastructure funds and your portfolio. Infrastructure funds provide exposure to real assets like toll roads, ports, and airports, along with inflation protection. Because they typically have a low correlation to traditional stock and bond markets, these funds also offer you another way to diversify your portfolio.

Technology

Innovation will be a key theme in today's slow-growth world — and for years to come. Companies are looking to technology solutions — including mobile and cloud computing — to give them a competitive advantage and allow them to do more with less.

Today's technology mutual funds are more than just hardware and software — and they will continue to evolve. Over the next few decades, for instance, the "Internet of Things," which promises to link the physical and digital worlds, could generate up to $11 trillion in economic value.[2]

Technology funds and your portfolio. The technology sector is very diverse and presents a number of opportunities for investors. As the tech sector continues to mature, these funds can provide some stability and income, but with the potential for tremendous growth over the longer term. Actively managed technology funds can help spot the investments that are poised to deliver.

Health care

The health care sector tends to perform well in both strong and challenging climates. Because the demand for health care products is relatively inelastic, health care funds offer some downside protection when the economy is slowing. On the other hand, health care is also a growth story, as aging populations in the developed world will become larger consumers of healthcare–related products. And as emerging market consumers become wealthier, they are expected to become large consumers of health care products as well.

Health care funds and your portfolio. Well-diversified health care funds that include pharmaceuticals, biotechnology, managed care companies, and makers of medical equipment are poised to benefit over the longer term, whatever is happening in the economy.

Energy

Although the oil and gas sector has been hurt by low energy prices over the past few years, the International Energy Agency (IEA) says that long-term investment in energy is essential to meet growing demand and replace declining production.

Indeed, global energy demand is expected to rise over the next 25 years because of energy's importance in all forms of transportation and petrochemicals.[3] Natural gas, wind, and solar are expected to be the winners, according to the IEA.[3]

Energy funds and your portfolio. Energy mutual funds are prone to more short-term volatility than more defensive areas such as health care. President Trump's focus on pipelines that link Canada's oil patch with the U.S. could be a boon to the oil and gas sector in the shorter term. Longer term, Canada is positioned to be a global leader in energy production.

As part of a well-diversified portfolio, sector funds provide you with an opportunity to capitalize on new growth opportunities. We can help you decide on the funds that are right for you. ■

1 McKinsey Global Institute, "Bridging global infrastructure gaps," June 2016.
2 McKinsey Global Institute, "Unlocking the potential of the Internet of Things," June 2015.
3 International Energy Agency World Energy Outlook 2016.

PORTFOLIO MANAGEMENT

Investors express confidence in the advice they receive

A 2016 survey[1] found that Canadian investors like you value the advice they receive from their advisors. In fact, a remarkable 97% of those surveyed said that they are completely satisfied with the advice they receive from their financial advisor, rating it 10 out of 10. Below are some other highlights from the survey.

Trust

95% trust their advisor to deliver sound advice

Performance

88% of investors believe they get better returns as a result of the advice they receive

Discipline

82% credit their advisor for improving their saving and investment habits

Retirement security

50% say retirement is the main reason they invest; 14% plan to augment their retirement income with their personal savings

1 The Investment Funds Institute of Canada, *Canadian mutual fund investors' perceptions of mutual funds and the mutual fund industry*, September 2016.

Rates up or rates down, fixed income belongs

Interest rates remain at historical lows. This was meant to be a temporary measure to stimulate the economy after the financial crisis of 2008. And the consensus has been that rates will have to rise at some point — first in the United States, where the economy is performing better than in Canada.

On the other side of the interest-rate question, some are now saying that low rates are the new normal, that they may be with us for years. This presents both challenges and opportunities for fixed-income investors.

The challenge: When interest rates rise, prices of bonds and bond funds fall.

The opportunity: Higher interest rates mean investors will be able to earn better yields on their fixed-income holdings. Savers would also benefit from earning more on their money.

Whatever is happening with interest rates, there are two important takeaways for investors:

Takeaway #1. Fixed-income holdings still have a role to play in a diversified investment strategy. They provide stability to a portfolio — especially important during volatile markets — as well as regular income.

Takeaway #2. A growth component, such as equities and equity funds, can help investors get the returns they need to achieve their goals in a low-rate environment.

You can rely on us to monitor your portfolio, in light of your investment objectives, to help ensure you have the appropriate mix of equity and fixed income to reach your goals.

Watch your step: The gender gap

When it comes to retirement, women generally face some unique challenges that require careful thought and astute planning now, to ensure financial security in the future.

Here are some female-first considerations for retirement planning:

Women live longer

At the root of these challenges is the simple fact that women need more retirement wealth because they live longer than men. Statistics Canada says the life expectancy at birth for a Canadian woman is 83 years, compared with 78.3 years for a man. Women who reach age 65 can expect to live, on average, another 21.3 years; men can expect to live another 18.1 years.[1]

This means a woman's retirement savings must cover a longer time span. A longer life also increases the chances that long-term care will be needed.

Earning less means needing more

Even today, women typically earn less than men while working. This puts them at a disadvantage when investing for retirement. What's more, over a lifetime, a woman's income stream may be interrupted if she leaves the workforce temporarily or permanently to raise children.

In addition, according to Statistics Canada, women are more likely to quit jobs or reduce working hours to care for an elderly relative or friend.[1] They'll also spend more time than men in the caregiving role. All of it means less potential to accumulate retirement savings and perhaps less pension income.

The potential difference in lifetime earnings means women must save larger proportions of their income to achieve a lifestyle comfort level similar to that of men. Even if a woman has accumulated the same amount as a man, because of her expected longer lifespan, she should draw less each year to ensure the money lasts.

The perils of widowhood

Women are more likely to outlive their spouse than men. Statistics Canada says senior widows outnumber senior widowers by four to one; 45% of women aged 65 or older are widows,[2] a situation that can dramatically affect retirement finances. For example, the death of a spouse may eliminate half or more of a couple's income, but probably won't cut expenses in half.

Investing characteristics

Studies have shown that, typically, women are more conservative investors. So not taking risks could become a risk in itself. Building adequate retirement savings and managing that wealth for a long retirement may be hindered by an overly conservative approach that does not include an element of portfolio growth potential.

If you are reading this and you are a married or single woman, or if you are a man with a female partner, mother, sister or close female friend or relative, we can help. We will take a female-first approach to help ensure a secure and comfortable retirement. ■

[1] Statistics Canada Publication 89-503x, "Women in Canada: A Gender-based Statistical Report," March 2016.
[2] Statistics Canada Publication 11-621-M, "Widowhood: Consequences on Income for Senior Women," June 2004.

Economy-watching: Bad for your health

Retirement is a time to enjoy leisure pursuits and hobbies. But watching the economy is one hobby you might want to avoid. In today's fast-moving information age, paying too much attention to the latest economic news can raise your anxiety level as you worry about how it might affect your investments.

Yet much of what you hear is just "noise." Focusing too much on that noise can detract from your long-term investment strategy and cause you to consider moves that might be harmful to your portfolio. Here's why it's wiser to tune it out.

Knee-jerk reactions to temporary economic and market news can lead to the wrong investment moves. Making decisions based on short-term events is a form of "timing the market," an ill-advised strategy that seldom produces satisfactory results.

Stick with a strategy based on sound fundamentals and a longer-term time horizon that smooths out the temporary ups and downs.

A number of factors determine investment success. Successful investing isn't about forecasting the economy; it's about finding quality companies with long-term promise.

It's also about creating and maintaining a portfolio that will help you achieve your investment goals while weathering all kinds of economic climates over the long term.

We can help you sort out what's pertinent from the noise and keep your retirement plan — and peace of mind — on track. ■

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