

THE GREEN REPORT

FALL 2022/WINTER 2023

GREEN  PRIVATE WEALTH

 HARBOURFRONT
WEALTH MANAGEMENT

A semi-annual publication for our clientele that provides the latest information relating to Green Private Wealth, our community and today's markets and trends.

Fall Greetings

The crisp days of autumn are here!



Presenting Sponsor of the 11th Annual
Gems & Java 2022 Fundraiser

Share the Green

Big Brothers Big Sisters Big Night Out



Green Private Wealth is proud to be a platinum sponsor of **BBBS of Oxford County's** primary fundraiser for the year **Big Night Out Charity Ball**, taking place on Saturday, October 22nd, 2022 – the first Charity Ball fundraiser for the organization since 2019 (COVID). BBBS of Oxford County has been helping children match up with a mentor (Big Brother or Big Sister) in our community for many years. They also run group programs, in-school mentoring and homework clubs.

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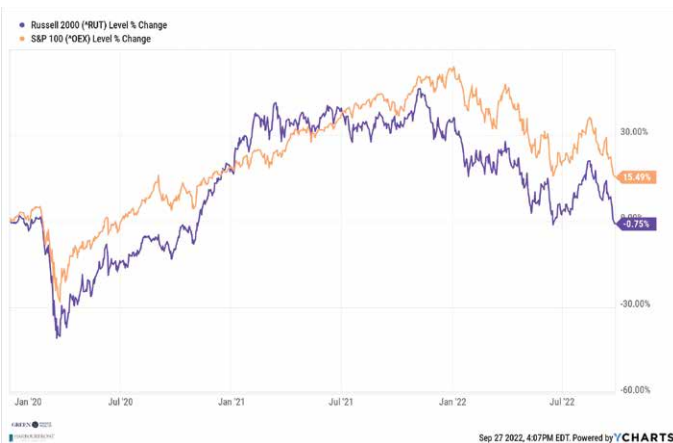


The Market

Paul's Perspective

Increasing interest rates brings continued volatility and concern to markets...

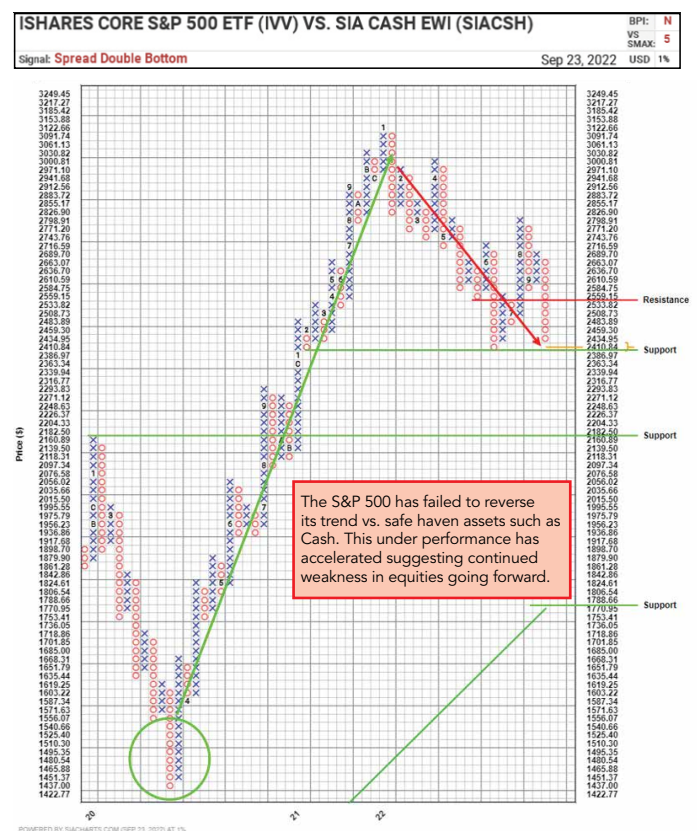
The US Central Bank has been quite clear about its direction for months now, and last week's meeting was no different. "As hawkish as the market could have expected" would be the best way to describe the sentiment conveyed by Jerome Powell at the Federal Reserve Meeting Press Conference. Mr. Powell quoted a 4.4% target fed funds rate this year, a 4.6% target next year and ultimately a need to hold rates in these ranges for longer (removing the likelihood of meaningful rate cuts in 2023). The reiteration that there would simply be no painless way to bring forth price stability and significant reductions in inflation was the message. With a further 1.25% of rate hikes implied for this calendar year alone, the reality of a "soft landing" has diminished significantly.



In the chart above, we can see that the largest companies in the US (S&P 100 index) and the broader market (Russell 2000) of 2000 large companies in the US have been moving together as of late. The largest of the US companies now seem to be in a down trend, with the rest of the broader market, suggesting much more downside potential to come.

What the charts look like now...

It seems the fundamentals are becoming as negative as the technical data lately. Clearly, the central banks are moving to increase interest rates and reduce the quantitative easing that created the inflation that is not so "transitory" after all. Looking at the chart in the next column, we are seeing another leg down on the battle between cash (ultra safe investments) versus the stock market (S&P 500). This trend looks to be telling us that we are in for more weakness in stocks as larger pools of capital are reducing the risk to their portfolios. The main message both fundamental and technical data is giving us is risk has elevated substantially.

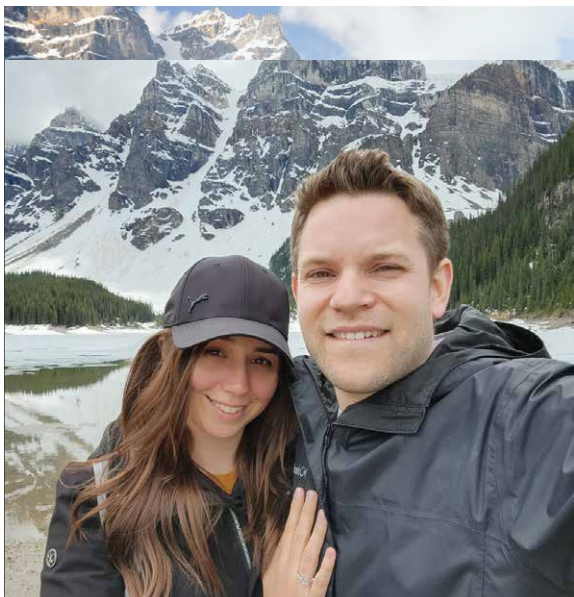


Is there any good news?

Although stocks have declined roughly 20% and bonds 13% in 2022, our portfolios have held up well, the main reason being that our portfolios are diversified beyond public investments. You hold real assets in your portfolio and we have had low exposure to stocks and bonds throughout 2022. All three pools (Private Real Estate, Private Debt and Private Equity) have produced solid positive results in 2022. Meanwhile, we have such low exposure to stocks that we are prepared to capitalize on the opportunities of owning stocks at much lower prices in the future. The other side of this mess will present opportunities to buy great businesses at attractive prices. Now is not the time

to get excited enough to buy stocks, but we might be closer to that than it appears. Markets often turn positive at the point of maximum investor pessimism, so don't let the media noise

derail you from your long-term financial plans. We will continue working hard to achieve your goals.



Green Team News

Congratulations to Brad & Jackie

Green Private Wealth is pleased to announce that Brad Winlaw is engaged to his girlfriend Jackie. He proposed on June 8th at Lake Moraine in Alberta, while they were on vacation in the Canadian Rockies. Although the weather was not cooperating that day, the clouds broke apart with the sun making an appearance the moment Brad started to propose, which they both consider a great sign!

The happy couple is now planning their wedding for 2023 and look forward to spending their lives together and starting a family. We wish them a lifetime of happiness.

Green Team News

Welcome to Baby Luca



Congratulations Mike and Monica on the arrival of baby Luca earlier this year on June 27th! Their baby boy weighed in at 7 lbs 8 oz.

Mom, dad and baby are all happy and healthy. Everyone at Green Private Wealth wishes them all the best with their exciting journey into parenthood.

Katie & Carly Green

We are so proud of our girls, as they have both graduated from University. Katie is a doctor now and Carly has her Masters in Media in Journalism and Communications (MMJC). And in a blink of an eye, off they go!



RESP Contribution Deadline

Just a reminder that December 31st is the deadline for RESP contributions for 2022. The best way to contribute is to set up a monthly PAC. Lump sum contributions can be done online – call us if you need more information.





Planning for Families with Disabled Children: RDSP

Graham Wardrop

CFP®, RRC | Senior Investment Advisor

When we review a client's goals and objectives, we inevitably are told that protecting and looking after family is a major priority. This is a much more complicated process for families with children who have some form of disability. According to Statistics Canada, one in five or 6.2 million people over the age of 15, have one or more disabilities that effect their day-to-day living. Recent data tells us that one in 10 households in Ontario alone has a person with a disability and there are almost 400,000 people receiving money from the Ontario Disability Support Program (ODSP).

One program that can be used but is often overlooked and misunderstood, is the Registered Disability Savings Plan (RDSP). This an extremely effective government sponsored plan to help parents and others save for the long-term financial security of individuals with one or more disabilities and will receive substantial government grants and bonds along the way. Depending on net family income, an annual contribution of \$1,500 could receive up to \$3,500 in grant to a lifetime maximum of \$70,000 and \$1,000 in bond to a lifetime maximum of \$20,000. An annual contribution of \$1,500 for 20 years can grow to as much as \$200,000 for the beneficiary's future income and security.

RDSP supplements existing benefits

The RDSP is designed to add to government benefits, not replace them. In most provinces, income payments from an RDSP will not affect your federal government benefits or eligibility for disability related support programs.

RDSP requirements

- Must be eligible for the disability tax credit (DTC)
- Valid SIN
- Resident of Canada
- Under age 60

Canada disability savings grant

The grant is an amount that the Government of Canada pays into a registered disability savings plan (RDSP). The government will pay matching grants of 300%, 200%, or 100%, depending on the beneficiary's adjusted family net income and the amount contributed. It can be as much as \$3,500 per year to a maximum of \$70,000.

Canada disability savings bond

The bond is an amount paid by the Government of Canada directly into an RDSP. The government will pay bonds of up to \$1,000 a year to low-income Canadians with disabilities. No



contributions must be made to receive the bond. The lifetime bond limit is \$20,000.

Carry forward of unused grant and bond

If before the end of the year you turn 49 years of age, you can carry forward up to 10 years of unused grant and bond entitlements to future years, as long as you met the eligibility requirements during the carry-forward years.

Contributions made up to age 49 can attract entitlements carried forward to a maximum of \$10,500 for the grant and \$11,000 for the bond. It is important to calculate contributions accurately to ensure optimal capture of grant and bond.

Payments from an RDSP

Two types of payments may be made from an RDSP:

- Disability Assistance Payments (DAP) - DAPs are withdrawals requested by the holder for the beneficiary or the beneficiary's estate. In a year when the total of all government contributions to the RDSP exceed the total of all personal contributions, a beneficiary between the ages of 27 and 58 can request a DAP without the holder's consent. Annual maximum and minimum withdrawal limits may apply.
- Lifetime disability assistance payments (LDAP) - LDAPs are a particular kind of DAP. Once started, they must be paid at least annually until the plan is terminated or the beneficiary passes away. These payments must begin by the end of the year the beneficiary turns age 60. An annual maximum withdrawal payment is required once the beneficiary turns age 60.

When do grants and bonds have to be repaid? 10-year repayment rule?

As with most government sponsored programs, there are “penalties” if not used as designed. These plans were put in place as a long-term savings plan, so repayments may be required. A beneficiary must wait 10 years after the receipt of the last CDSG or CDSB before making a withdrawal, or face

a claw back of the grant and bond received in that 10-year period.

We recommend that anyone who qualifies for the DTC discuss setting up an RDSP with their advisor. The generous grants and bonds along with tax-sheltered growth and preferential tax treatment on withdrawal represent an opportunity that is not matched with any other type of account.

Green Team News



Congratulations to Dan Timmers

After completing the rigorous knowledge, skill, experience and ethics-based requirements, we are so proud to announce that Dan Timmers has officially received his Certified Financial Planner CFP® designation. CFP certification is considered the gold standard for the financial planning profession worldwide. We are very fortunate to have such a dedicated, passionate team member in Dan! Dan looks forward to continuing to provide excellent service to the clients of Green Private Wealth.

Welcome to Carter Roswell

Green Private Wealth is excited to expand our administration team and welcome Carter Roswell. Carter is a great fit to our team and culture and we are very happy to have him join us! Carter is a recent graduate, majoring in accounting at the Lang School of Business and Economics at the University of Guelph. He is in pursuit of the Canadian Securities Course and hopes to earn his Certified Financial Planner designation.

He was born and raised in Woodstock and is the eldest son in a family of four. In his spare time, Carter enjoys watching and playing a various number of sports, particularly golf, hockey and baseball.



Welcome to Caryl Smith

Green Private Wealth is excited to welcome Caryl Smith to our team! Caryl worked at Scotiabank for 11 years, starting as a teller, and working her way up to manager of customer service. She has always enjoyed helping clients become financially fit.

Caryl lives in Burlington with her boy friend, two daughters, a mini-Australian shepherd named Nula, along with two cats named Colby and Moonie. Her favorite way to spend a Sunday is relaxing pool side, a BBQ in the backyard and a fire at night. Caryl loves traveling and fishing – even better if she can do them together!



What to Do in a Rising Interest Rate Environment?

Bradley Winlaw

CFP® | Investment Advisor

What is happening?

Canada and most countries around the world are facing the highest inflation numbers in decades. Canada is seeing its highest rise in inflation since 1983, which has forced the Bank of Canada to increase our interest rate five times in 2022, with the most recent hike in July being 0.75%. This has in turn increased our Prime Lending rate to 5.45%. Banks and lenders use this Prime Lending rate to determine your interest rate on various lending products such as credit cards, lines of credit, variable-rate mortgages and car loans.

This increase in inflation has also forced Canadians to spend more on goods and services and take on more debt to do so. According to Equifax, monthly spending on credit cards rose 17.5% and lenders issued 31.2% more credit cards in the first quarter of 2022 compared to the first quarter of 2021. The average Canadian now carries \$20,744 in debt, excluding mortgages. Total consumer debt also increased to \$2.3 trillion over the past 12 months according to Equifax.

The scary word going around right now is “recession”. Many Canadians are worried about their increased debt load, higher interest payments and the possibility of losing their job, as more companies cut back on spending and lay off employees. Keep reading to see what you should be doing during this challenging period.

What does this mean for you?

You might ask yourself, how does inflation have an impact on consumer debt levels? Here are a few examples that you or someone you know, may have experienced:

- We saw home prices increase dramatically over the past five years and many people took advantage by taking out a home equity line of credit to utilize on things such as renovations on their home.
- With rising home prices, Canadians were forced to take on larger mortgages and many of them opted for a variable-rate mortgage to keep their payments lower, versus a fixed-rate mortgage.
- Vehicle prices have soared over the past year, with inventory shortages causing people to take on large car loans or use their line of credit.
- The increased price of food and gas have pushed credit card spending and debt to record levels.

Unfortunately for most Canadians, this increase in debt has come at a time when the Bank of Canada has hiked rates to

curb inflation. For Canadians with variable-rate loans, this means increased monthly payments at a time when money may already be tight with the price increase of goods and services. For those that have fixed rate mortgage, you will only be affected when it comes time to renew.

What should you do?

1. Fixed-rate versus variable-rate mortgage?

This is one of the two questions I get asked the most with interest rates rising. The answer really depends on your ability to take on risk and what your cash flow is. Variable-rate mortgages tend to be a lower rate at the time of signing, but can increase if interest rates rise. Eventually, you may pay more than if you locked in with a fixed-rate mortgage. I tell people that if you have a lower risk tolerance and want a consistent payment, to lock in with a five-year fixed rate mortgage. I also recommend locking in if your cash flow is very tight and you are unable to handle a surprise increase in payments with variable. I generally recommend variable-rate mortgages if you have a large surplus cash flow, have a higher risk tolerance and if interest rates have peaked and may start to decrease over the next five years.

2. Should I sell my investments to pay off my debt?

This is the second question I have been asked quite often recently. With variable-rate mortgages and lines of credit payments increasing, people are wondering if they should be selling from their retirement savings to pay down their debt quicker to avoid these higher payments. The answer depends on several factors:

- a. You will not want to pull from RRSPs to pay off your debt while you are working, as withdrawals from your RRSP are subject to income tax. I generally would only advise withdrawals from your TFSA or non-registered accounts.
- b. Consider the time horizon you intended for your investments. We are in a period of challenging markets that will present opportunities for strong growth in the future. History shows that markets tend to rebound strongly within a year of the bottom. If you sell now to pay off debt, you will miss the opportunity to participate in the rebound.
- c. Try not to focus on month-to-month returns but look longer term. Recessions are regular events in a market cycle, so this should not derail longer-term plans. Look at what rate of return your investments are making, versus the interest rate you are paying on your debt. If you are a balanced client for example, targeting a 5.8% annualized return and you are

paying 3% interest on your mortgage, I would recommend not using your investments to pay off your mortgage. However, if you are again earning the same 5.8% but you have a credit card balance paying 18% interest, then you should look at using your investments to pay this off.

d. Finally, consider your risk tolerance. If you are finding this period extremely stressful, we should look more seriously at using your investments to pay off your debt.

3. Track your cash flow. This is an important exercise. A small increase in interest rates can have a big increase in your monthly debt payments. It's important to understand your cash flow and your ability to handle an increase in payments. If you notice that your cash flow is tight, it's even more important to understand where your spending is going. The first thing I recommend is trimming spending on luxuries, such as restaurants, memberships and travel.

4. Restructure your debt and payments. A common mistake many people make is paying off the wrong debt first. It's

always best to pay off the highest interest rate debt you have first, usually credit cards or personal loans. Your mortgage is typically your lowest interest rate and should be paid off the slowest. Quite often, I see people pay extra towards their mortgage when they have a higher interest rate on their credit card, LOC or car loan. All extra funds and payments should be sent to these higher interest rate loans first and just make your minimum mortgage payments. If you have multiple higher rate loans (credit cards, LOCs, car loans, etc.), you should investigate debt consolidation, where all of your loans are consolidated into one loan with a lower interest rate.

Following these tips should help you navigate this inflationary period – one that we have not seen for three decades. If you have any further questions on current market conditions or to discuss how we can help your financial situation, don't hesitate to call our office and book a meeting with your advisor.


<https://www.bnnbloomberg.ca/canadians-keep-adding-debt-to-keep-up-with-inflation-equifax-1.1773790>

Share the Green

Green Private Wealth was proud to be an event sponsor of the **Beginnings Annual Fall Banquet**. The banquet took place on Saturday, September 24th. A full house of 250 people were able to raise over \$34,000 in proceeds for Beginnings!

Beginnings has been serving Oxford County for over 25 years and has established itself as an integral parenting resource in the community. They work diligently with partner agencies in the community and walk alongside clients providing them with the resources, information and skills they need to be better parents.

Share the Green

Mothers with a  for Ethiopia

Green Private Wealth was proud to be the presenting sponsor of **Gems & Java 2022**, MWAHFE's largest fundraising event of the year. The first in-person event since 2019 moved to a new, smaller location, was sold out and raised over \$65,600! Team Tesfa, a unique sponsorship program for a shelter with 92 children, was launched at Gems & Java and 15 children were sponsored. The organization is thrilled with the results!

If you are interested in learning more about Mothers with a Heart for Ethiopia and the seven projects they fund, please visit motherswithaheartforethiopia.com.



Youth Unlimited™
YFC WOODSTOCK

35th Annual

GOLF TOURNAMENT

WEDNESDAY SEPT 28

Green Private Wealth was proud to be the title sponsor of this year's **Youth Unlimited Woodstock's Golf Tournament** at the beautiful Craigowen Golf Club. Paul Green (and many other warriors) raised \$20,000 during this year's Tournament.

Share
the
Green



Share the Green

Green Private Wealth is happy to sponsor **Kid's Night** for the **Woodstock Navy Vets Hockey Team!** Due to the COVID-19 pandemic, the date for Kid's Night is yet to be determined.



Chef's Corner

with Chef Rob Bartley
Serves 4 people

A sumptuous warming side to serve with seared scallops, salmon, roast chicken breast or even steak.

INGREDIENTS:

- 2 medium Yukon gold potatoes, diced into rice sized pieces (diced ¼ inch)
- 1.5 cups 35% cream
- ¼ cup water
- ½ cup double-smoked bacon slab, diced into rice sized pieces, (¼ inch dice)
- 1 shallot, minced
- 1 clove of garlic, minced
- 1 branch of thyme
- 1 egg yolk
- 2 Tb butter
- 2 Tb grated Parmesan Reggiano
- 1 handful of arugula (optional)
- Drizzle of extra virgin olive oil

METHOD:

1. Dice the potatoes and store in the 35% cream (do not rinse the potatoes - you need the natural starch in them to leech into the cream to help thicken the risotto).
2. In a heavy-bottomed sauce pan, slowly (low heat) render the diced smoked bacon. Add shallots and garlic and sauté slowly until soft and translucent.
3. Add a branch of thyme and potatoes along with its 35% cream and the water.
4. Simmer while stirring constantly to promote starch extraction.
5. Once potatoes are al dente, remove from heat.
6. Stir in egg yolk, Parmesan and butter.
7. Adjust seasoning and spoon onto plate.
8. Serve with some watercress as a peppery arugula garnish and a drizzle of olive oil.

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