

# Wealth Management

## A new economy, a new start.

There's never been a better time to take a hard look at your investment portfolio.



**Maybe** you pulled your money out right at the depth of the economic downturn, and have been sitting on the sidelines ever since, scared and unsure of how to get back in. Or perhaps you've realized you have too much risk in your portfolio to stomach all the ups and downs – a reality that has seemed to become the new normal for financial markets.

Whatever the case may be, now is as good a time as any to sit down with an independent advisor and take a hard look at your investment portfolio. An independent advisor can help you realize the goals you've set for yourself and your family by devising a plan that brings together the right suite of investment products – so that you may buy that cottage outside the city or retire without worrying about running out of money.

Given the market volatility, it is perhaps no surprise Canadians are making new investment choices. According to the 47th quarterly Manulife Investor Sentiment Index, Canadians have shifted away from speculative assets to products that can deliver stable earnings over a longer timeframe. The index shows, for example, that balanced funds ranked third among most-popular investment choices (with 41 percent of Canadians surveyed feeling they are a good or very good place to invest, behind only investing in their

own homes and investment real estate).

There has also been increased interest in actively managed mutual funds, in which investment managers use their skills, research and experience to make investments that they believe will outperform a particular index (unlike passively managed funds, which just aim to equal an index). Funds that are actively managed by skilled portfolio managers can offer a number of advantages, not least of which is the fact such funds can help protect investors from deep downturns.

Make no mistake: the volatility and uncertainty of the last two years has created a fundamental shift in how Canadians want to invest. In the following pages, you'll learn how Manulife Financial – a leading Canadian-based financial services group with a presence in 22 countries and territories worldwide – is helping with that demand through an expanded product and service offering. Roy Firth, Executive Vice-President, Individual Wealth Management, Manulife Financial, and Paul Lorentz, President of Manulife Investments, share their insights into the volatility of current financial markets and reveal how Manulife provides financial solutions in an unstable economic environment.

# A Wealth of Opportunity

Manulife Investments, emphasizing active management, delivers a breadth of products to help advisors and investors move forward with confidence.



Solid economic data indicating both Canada and the U.S. are in recovery mode suggest investors finally have reason for optimism after several very challenging years. Yet investors



still have ground to recover and many steps still lie ahead as they take charge of their financial futures. Indeed, in a wide-ranging interview, Roy Firth, Executive Vice-President, Individual Wealth Management for the Canadian division of

Manulife Financial, reveals that many investors remain paralyzed by fear and uncertainty, and are unsure how best to adjust their investment portfolio mix following a period of unprecedented market volatility.

“The markets have gotten back on track in a relatively short time, but there will still be some hiccups in the market. Volatility is something that investors today will need to learn how to live with moving forward,” says Firth. “Investors need to accept volatility as a given and learn to effectively manage their financial affairs around it.”

Consulting with an independent advisor is a key first step, Firth says. Because advisors specialize in constructing a diversified investment strategy well-matched to an investor’s individual needs and aspirations, Canadians who opt for this approach are more likely to navigate market fluctuations with confidence, he believes, adding: “A well-designed plan will reduce the emotional stress that volatility can create.” Savvy investors will work with their advisors to ensure that a portion of their wealth remains invested even during highly volatile periods.

Firth contends working with an advisor is particularly critical

for baby boomers focused on realizing their plans for retirement as opposed to working well past retirement age. Indeed, he says, investors without a plan will often end up waiting long after the recovery has begun to move back in, thus missing a good chunk of potential gains. Attempting to “time the market” has not proven to be a successful investment strategy.

“As baby boomers approach retirement age, there is very much a need for financial planning and advice from a professional advisor, and there has been a renewed demand for products to help attain retirement goals,” says Firth. “In the past few years, at Manulife we have introduced a number of innovative new products and planning tools that help advisors help clients through this phase.”

As investors and advisors shift their emphasis from accumulating assets and building wealth, and focus more on capital preservation and guaranteed income, Manulife has led the Canadian marketplace with the launch of the first Guaranteed Minimum Withdrawal Benefit (GMWB) plan, known as IncomePlus. IncomePlus helps protect against market downturns by providing a vehicle that offers sustainable and predictable income. Underlying the product are more than 40 investment funds managed by top Canadian investment managers.

“Pre-retirees and retirees need to protect the wealth they’ve worked so hard to accumulate,” says Firth. “But as Canadians live longer, they also need to plan for some growth, which means incorporating equities into a portfolio.”

For investors nearing or in retirement, advisors can also employ other new tools from Manulife, such as Product Allocation, which helps calculate the optimal combination of investments for both growth and guaranteed income. “For investors in this critical stage of their lives, this is a unique tool that can help advisors and investors construct the most

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appropriate portfolio,” says Firth.

“One of the strengths that differentiates our company from other financial services providers is that Manulife has been managing money for more than 120 years on behalf of clients” says Paul Lorentz, President of Manulife Investments. “We employ a disciplined approach to investing and are not distracted by short-term ‘noise.’ This is seen by the consistent long-term records of funds such as the Manulife Monthly High Income Fund.” Manulife Mutual Funds has also introduced a number of new mutual funds designed to meet the needs of investors. “Our philosophy has been making sure we have a broad product shelf as well as the right asset management breadth and depth behind those products.”

“Manulife Mutual Funds adheres to an active management approach, in which investment managers use a combination of experience, judgment and skill to create a mix of investments that aim to outperform their asset class/index. Particularly in a down market, active management can provide a margin of safety,” explains Lorentz. “If you just ride the index, you basically just ride the market. But if you have good active management with managers who have done their due diligence, that can help protect you amid varying market conditions.”

Responding to the current needs of advisors and investors, Manulife Mutual Funds has introduced a number of income-oriented mutual fund products. “With interest rates at historically low levels, investors are concerned about getting a good return,” explains Lorentz. “We have seen a lot of success through products such as the Manulife Yield Opportunities Fund.”

Launched in early 2010, the Manulife Yield Opportunities Fund aims to generate income and long-term capital growth through a diversified portfolio consisting of yield-oriented Canadian and/or global fixed-income and equity securities. “Today, at Manulife we have more than 100 investment professionals globally who are focused solely on fixed income,” says Lorentz. “They are on the ground in countries around the world, and that has created a lot of benefits for our investors.”

While investors have moved towards a more conservative approach to investments through an emphasis on yield, fixed income and balanced products, Firth cautions that even income-focused investors should not shy away from equities, as those securities may offer great potential for capital growth.



“Understandably, people want to retain their wealth as opposed to looking for that home run,” says Firth. “But there is also the risk that people don’t have enough risk in their portfolios. That is why it is important to have an advisor so that an investor can stay appropriately diversified in the market and can take advantage of equity market upturns.”

There are also significant opportunities in emerging markets. “Everyone is talking about the growth of China, but it is impractical and would be overwhelming for an individual investor to figure out what to invest in,” says Lorentz. “We have a number of strong performing global funds, like the Manulife Strategic Income Fund, Manulife Global Opportunities Balanced Fund, Manulife World Investment Class and Manulife Global Focused Fund which have performed very well and tap into that global growth potential. One of the advantages of our Manulife Strategic Income Fund, for example, is that it is managed 24 hours a day – once the markets close in North America, portfolio management moves on to our teams in Asia, and so on.”

In fact, Manulife’s breadth of investment management teams globally allow advisors and their investors to take advantage of new products that the average retail investor simply doesn’t have access to, says Lorentz. “Manulife has been an established presence in Asia since 1897, so when we talk to our asset management group there, they have a strong understanding of the equities and bonds available in the various countries,” he says.

Ultimately, Firth reiterates that Canadians are best served by working with an advisor to devise a financial plan that takes advantage of the breadth and depth of investment products. That is why Manulife’s web site features the ‘Find an Advisor’ section, which can help match investors with advisors located nearby in their communities who may be best suited to their particular situations.

“An advisor should help guide the client in making investment choices and help manage their overall portfolio,” says Firth. “By working with an advisor who understands their needs, concerns and desires, investors can feel more confident knowing they have the most appropriate products to reach their financial goals.” •


*For more insights, go to [manulifemutualfunds.ca](http://manulifemutualfunds.ca) and click on the news item featuring Roy Firth and Paul Lorentz*




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