

■ Strategies for uncertain times

How to survive market volatility

It's easy to invest when markets are running smoothly. But when they're uncertain, your confidence can be sorely tested. The best thing to do now is to implement some strategies for investing in uncertain times:

Know what you own

Before you invest in anything, you should do your homework and understand what it is you're buying. Don't get caught up in sophisticated investments unless you fully understand how they make money, what price you're paying for them, and when you intend to sell. By selecting investments you thoroughly understand, you can avoid much of the trouble a volatile market can create.

Review your risk

During times of plenty, it's easy to accept more risk than you actually should (think of the dot-com bubble of the late 1990s). Take the time now to review your holdings and determine whether they're appropriate given your personal risk tolerance. If not, make a move to sell sooner rather than later—peace of mind is too valuable.

Consider alternative investments

In times of uncertainty, alternative assets such as hedge funds, managed futures, private equity, commodities, or even real estate can all produce excellent returns. If you haven't already, consider adding alternative assets to your portfolio (such

as the Vertex Fund, available through ZLC Private Management). Ideally, you'll want to choose an investment with a low correlation to the overall market. That way, you'll be able to provide some stability for your traditional assets and enhance the overall performance of your portfolio during uncertain times.


Diversify your portfolio

The best way to reduce risk in your portfolio is through diversification. (This is particularly important for business owners, who tend to concentrate wealth in operating businesses.) Instead of loading up on one sector or asset class, spread your wealth among different industries, different countries, different assets, and management styles. That way, if one portion of your portfolio performs poorly, chances are another portion will be performing well. Old advice, but worth repeating.

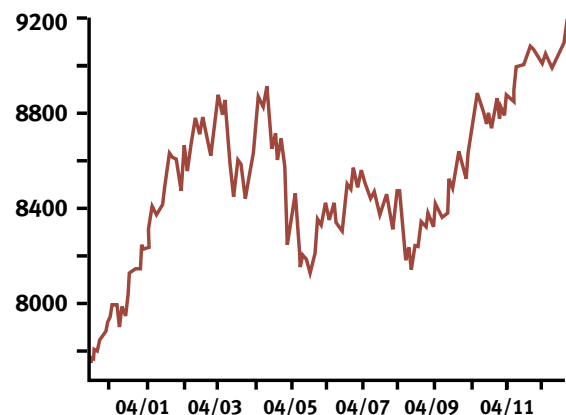
Think quality

Quality remains an excellent defense against volatility. During times of market uncertainty,

quality companies with healthy balance sheets and strong, steady earnings typically command premium prices. That can be very good news for conservative investors. High-quality companies are less likely to be punished during down markets, and their stable dividends or distributions create a steady income no matter what the market is doing. All in all, an excellent way to protect your portfolio.

Although investing in the market today requires more work than it did a few years ago, the effort is well worth it! Call your ZLC advisor today to discuss opportunities that fit into your long-term financial plan! 

TSX performance to Dec. 22 2004



While the overall trend of the TSX has been up, it has been quite a volatile year for stock market investors, as shown by the pronounced peaks and valleys of the above graph.

■ Tips to help you make the most of your RRSP

Canadians have one of the best retirement savings programs in the world: it's called the RRSP. Because a RRSP allows you to defer tax both on capital (the amount you initially invest) and income (the money your investment generates), RRSPs are one of the best ways to save for a long and happy retirement.

How can you make the most of your RRSP this season? Here are a few suggestions:

Be aware of the deadline

The deadline for making your 2004 RRSP contribution is March 1, 2005. If you want to deduct your contributions on your 2004 tax return, you'll have to have your contributions deposited in your plan by that date.

Make your maximum contribution

For 2004, you can contribute a maximum of 18% of your income earned in 2003, to a maximum of \$15,500. That number will be reduced for members of pension plans and profit sharing plans. Making the maximum contribution at the beginning of each year will add additional compounding power to your RRSP. Consider a RRSP catch up loan if you have a lot of unused RRSP room.

Establish a regular RRSP contribution schedule

Technically, you have 60 days from the start of the year to make your RRSP contribution. Many Canadians find it difficult to find the cash for a large contribution after the holiday spending season. Why not avoid the last-minute rush and set up a regular schedule of contributions—say, every month. You'll take advantage of dollar-cost averaging, and you'll eliminate the stress of trying to come up with cash in a short time frame.

Make the most of foreign content

Markets tend to progress through their cycles at different times. Although Canadian equities have performed well this year, that won't necessarily be the case next year. Astute RRSP investors take advantage of the 30% foreign content limit in their RRSP portfolios. Investing in foreign markets not only opens up additional opportunities, it can protect your portfolio should the Canadian market suffer a downturn. Ask your ZLC Advisor how "clone" funds, capital class and segregated funds can give you even greater foreign exposure without any penalties.

Consider a Spousal RRSP

Whether legally married or common law, if you anticipate a significant difference between the income you and your spouse expect to earn during retirement, it may make sense to set up a Spousal RRSP. Doing so may make it easier to save taxes, as well as avoid clawbacks of government-sponsored benefits during retirement. The specific details of a Spousal RRSP can be complicated, however, so make sure to seek the advice of your ZLC Advisor before making any decisions.

Carry forward rules

If you can't make your maximum contribution one year, you can make up that portion of the contribution in later years by carrying it forward. You may also choose to delay claiming your current year's RRSP tax deduction to a future year when you expect to be in higher tax bracket.

File tax returns for children

Remember to always file tax returns for children to start accumulating RRSP room, receiving GST refunds (if 19 years old), reporting income that you've split, claiming tuition and education credits, claiming student loan interest and moving expenses.

Don't overload your portfolio with "safe" investments

Conventional wisdom says the older you are, the more of your RRSP should be in bonds, GICs, and other "safe" investments. Depending on your individual circumstances, that may not be the best strategy. Particularly if you plan to roll over your RRSP into a RRIF (as most RRSP-holders do), you'll need at least a portion of your RRSP portfolio invested in equities, in order to keep up with inflation.


Home buyer's plan

The HBP allows you to borrow funds from your RRSP to purchase your first home. You and your spouse can each borrow up to \$20,000. The funds must have been on deposit at least 90 days before you withdraw them, and at least 1/15th of the funds must be repaid each year, beginning two years after the funds were withdrawn.

Lifelong learning program

The LLP allows you to pay for training or education with RRSP funds. You can withdraw up to \$10,000 per calendar year to finance full time training or post secondary education. The student can be you or your spouse, but not your children. The total amount that can be withdrawn is \$20,000, with withdrawals over a maximum of four consecutive years. At least 10% of the amount borrowed must then be repaid each year, over a maximum period of 10 years.

Seek professional help

Saving for your retirement doesn't have to be complicated. But it does take some planning. To make sure you get the most out of your retirement nest egg, make sure to speak to your ZLC Advisor who knows your personal financial goals. Together, you can create a RRSP that can ensure your golden years are truly golden. 

ZLC introduces two new funds

Brandes joins the Private Investment Management line-up

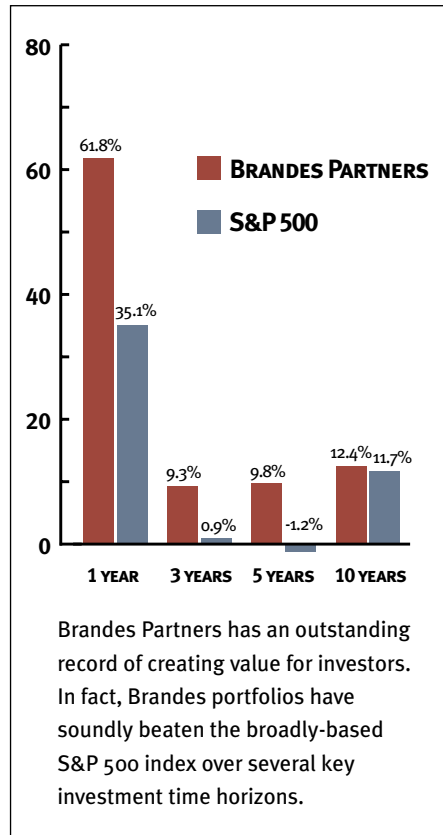
This fall, we were pleased to announce our latest addition to the ZLC Private Investment Management portfolio, the Brandes International Equity Fund and the Brandes Global Equity Fund. These two value-oriented funds serve to round out the PIM portfolio, and complement our anchor offerings through Vertex (the Vertex Fund and the Vertex Balanced Fund), as well as our mortgage investment products through Bancorp (the Bancorp Select Income Fund and the Bancorp First Mortgage Fund).

About Brandes

Brandes Investment Partners is one of the most well-respected independent investment firms in the U.S. Based in San Diego, Brandes was established in 1974, and currently manages over \$115-billion in client assets. They have operated in Canada for some time, although not always under their own name. In fact, Brandes is better known in Canada as the driving force behind the stellar performance of the AGF International Value Fund throughout the 1990s.


Why we like Brandes

Simply put, Brandes is one of the best value managers in the world. The firm follows the “Graham and Dodd” rules of value investing: determine a fair value for every security purchased, and sell when the security reaches its fair value. The firm’s unique committee structure is a definite benefit. Because investment decisions are made as a team, investors enjoy greater consistency, even when an analyst or manager leaves the firm. Perhaps most importantly, the company has an outstanding track record of creating wealth for investors (see chart). All in all, they are an excellent fit for our ZLC Product Portfolio.



ZLC Private Investment Management

ZLC Private Investment Management was launched in April 2000 as a joint venture between Zlotnik, Lamb & Company and Vertex One Asset Management (Vertex One). Our focus is on tailored wealth management solutions to individuals, trusts and corporations. Our offerings consist of quality fund managers that share our investment philosophy and focus on capital preservation. Diversification is achieved through the introduction of complementary asset classes offered by these select fund managers.

If you’re interested in learning more about Brandes Investment Partners, or about ZLC Private Investment Management, please call our office today. We’d be pleased to send you additional information, or answer any questions you may have. 

Our services

What we do for clients


As a full-service wealth management firm, we deliver customized financial plans and top-quality, investment advice in the following four areas:

- Estate Planning and Life Insurance
- Wealth Management & Retirement Planning
- Employee Benefits and Pensions
- Structured Settlements.

That may describe the technical side of our business, but we like to think of our role as a little more personal. We create peace of mind by developing greater financial security for our clients, and by simplifying and clarifying their lives.

Working with you to create a viable financial plan for the whole of your life allows you to rest easier. Financial decisions become easier with a plan, guidance and education. When you have this support, it’s easier to know what to do when a financial emergency or other event strikes.

On a larger level, working with your Zlotnik, Lamb and Co. advisor also makes life easier. We screen investment opportunities for you, and give advice that’s appropriate to your financial circumstances. The result: you don’t have to spend the time wading through financial information, trying to guess which financial decision is the right one. Instead, you have a professional to guide you. All that creates an easier, more manageable life—something that’s worth having in this day and age!

If you’d like to know more about how ZLC can make your financial plan even better, please call us today. 

Zlotnik, Lamb & Company

Since its inception, the goal of Zlotnik, Lamb & Company has been to build strong, lasting relationships with its clients. Our associates and staff have developed a reputation for quality, integrity, and professionalism. Call us today and find out how we can be members of your planning team.

Zlotnik, Lamb & Company

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“Financial advice is only as good as the person you ask.”



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Giving back

Since 1986, Zlotnik Lamb & Company has been hosting fund-raising events to raise money for charities including Juvenile Diabetes and the BC Sports Hall of Fame.



Pictured above are Ross Gibson (left) and Mark Zlotnik (right) presenting a cheque for \$25,000 to Deborah Cushing of the Juvenile Diabetes Research Foundation. 