DSR PREMIUM NEWSLETTER

IN THIS ISSUE…

- How to create your retirement paycheck
- Build a safe money-printing machine
- Smart ways to improve your yield
- Does the current market affect your retirement?

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SEPTEMBER 20TH, 2024

Dear DSR member,

It is with great pleasure that we present our weekly premium newsletter which is an important component of your subscription to Dividend Stocks Rock.

You may benefit from viewing our video explaining the differences between the Buy List, our ratings, and our portfolio models. You can retrieve this information in the Videos section of the website.

Referral

Feel free to share our ideas with your friends or associates who may benefit from this information. **We would personally consider any referrals you make on our behalf to be the ultimate compliment for our efforts.**

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INVEST WITH CONVICTION, ENJOY YOUR RETIREMENT

WHEN YOU RETIRE, YOU MUST CREATE YOUR PAYCHECK

Retiring is like learning how to skate. We all know how to stand and how to walk. Yet, once we put skates on, there is a whole new world of movements (and muscles!) that must work together to make sure you keep standing and, hopefully, moving forward while staying vertical.

You've spent your entire life working, saving, investing, and now you must learn how to skate. Suddenly, there is no money coming in, but there will surely be money going out.

This newsletter won't go deep into tax issues as each situation is different and various rules and tax rates may apply. There are, however, common situations we will all face upon retirement. Once your retirement strategy is outlined, you will be in a good position to meet with a tax expert to do some "tax tweaking". Don't do it the other way around.

We **now offer financial projections including tax optimization through our DSR FI services.**
Please use the DSR contact form to learn more about it

The three Ds of tax optimization

The best tax advice I can give you is quite simple: ***spend a few thousand dollars with a fee-based financial planner and an accountant.*** They will do the hard work and offer you a customized plan to optimize your taxes. However, if you want to skip this part, you can do a great job by using the simple 3 Ds of tax optimization:

Deduct: Anything you can use to reduce your income will automatically reduce your taxes especially if you live in a country with increasing marginal tax rates like Canada. Contributions to your retirement plans, interest paid on a loan (borrow to invest), and deductions for healthcare expenses are examples of what can be used to reduce your income at all ages.

Defer: The longer you wait to withdraw money from a tax-sheltered account or to trigger capital gains, the longer your money is growing tax-free. At retirement, it is usually preferable to let your tax-sheltered account (usually retirement accounts) grow if possible while withdrawing money from regular investment accounts. Keep in mind that all investment income coming from a taxable account (withdrawn or reinvested) is added to your income in your tax declaration.

Divide: Assets or income sources you can split with your spouse will keep you and your spouse's income in the lower marginal tax rate brackets. For example, you will pay a lot less in taxes if you split $100K of income 50-50 than if you keep it solely under your name.

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Unfortunately, there are no secret ways to make taxes disappear as those tactics are usually referred to as fraud. If you want to avoid the OAS claw back for example (for Canadians), let me remind you that it is a good problem to have. This means you likely have plenty of money to enjoy your retirement.

An accountant can do a great job at offering you a plan to optimize your taxes, but always focus on your investment strategy first. Saving money is great, but making higher total returns is even better! Adding risk or reducing total return for the sake of taxes isn't a good idea.

Let's get started!

This newsletter's goal is to be a guide for those who are unsure about how to structure their portfolio to generate sufficient income at retirement. **This is a guide, not a book of laws**. This means that I will discuss how I will personally approach retirement with my portfolio and how my strategy makes sense for me. Maybe it's not applicable to your situation, or maybe you will only see half of it as being relevant to you. There are obviously many ways to retire happily. This is the one way I know will work for me and very possibly for you as well.

Let's start with the basics: you retire, and you must then create your own paycheck.

Every financial plan starts with a budget

Before we start talking about withdrawing money from your portfolio, you must know how much you need. We will not spend much time talking about budgeting here, but if this step is not completed thoroughly, you may live with a great deal of uncertainty.

Make a list of your monthly expenses and then make a list of your yearly expenses. We often tend to know exactly how much we spend per month, but we keep forgetting about those "one-time" expenses we incur inevitably each year.

Once you have those numbers, it's time to look at your sources of income. You may have a company or government pension. It's important to count this income to know exactly how much you must generate per year from your portfolio to break even and to make sure you don't outlive your portfolio's assets.

How does it translate in your portfolio?

Imagine that I need $30,000 per year once I have deducted the income I will generate from my pension or other sources of income from my total expenses. In an ideal world, I'd like to have at least that amount in cash in my portfolio if not double that amount. By keeping between $30,000 and $60,000 in cash, I know I have up to two years worth of my financial needs readily accessible without having to liquidate any long-term investments. Once I retire, my priority is to enjoy life and to do that, I must sleep well at night.

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Keeping such a level of cash will allow me to make the best investment decisions no matter what happens in the stock market. If I run into another March 2020 where my portfolio melts down by 30% overnight, I know that I don't have to do anything as I can withdraw cash from my own "ATM" at the end of the month. I can take the time to deal with the crash later as it won't affect my retirement for at least 2 years.

To build that amount of cash, we can do it through two simple methods:

#1 I stop reinvesting my dividends a few years before I retire and let the cash build in my account. It's a simple way to put it on autopilot. On the other hand, I may need a few years to build such an amount, and this means that the cash will not generate any meaningful returns during that time.

#2 I wait for day 1 of retirement to sell the equivalent of one to two years' worth of my financial needs. It enables my portfolio to work full speed until the very last minute. On the other hand, if I retired at the bottom of the market on March 23rd, 2020, I would be selling at a very bad time.

I'll leave both options open to you. I think I will opt to build at least 1-years worth of my retirement budget by letting dividends pile up in my account in advance. Either way, you must have a cushion ready to retire. Then, everything is a lot easier going forward. Next step: how to make sure you always generate enough cash.

LET'S BUILD YOUR SAFE MONEY PRINTING MACHINE

Once you have defined your financial needs and put some cash aside, you are ready for the real work of turning your portfolio into a *safe* money printing machine. The word *safe* is the operative concept. You have plenty of time to invest once you are retired. Assuming you retire between ages 60 and 65, you can assume a life expectancy of over 80 years old. Statista shows that once you reach 65 your odds of blowing more than 80 candles out on your cake are very good. This means you will no doubt live through multiple bull and bear markets. Let's make sure you don't outlive your portfolio, shall we? There are two common ways to generate income from your portfolio if you are a dividend investor. Let's look closely at both.

The dividend option

This is the classic option. It makes so much sense to do one simple calculation and then to think you are done. You need $30,000? Easy! Imagine you have $800,000 invested, you divide $30K by $800K and you make sure your portfolio averages 3.75% in dividend yield.

If your calculation leads to a portfolio yield of 3 to 4%, you won't have to worry about much. In fact, you may be able to cut down your cash cushion to 1-years worth of your retirement budget and you'll be just fine. Unfortunately, many retirees will face a situation where they need $50,000 per year while having $600,00 invested. Generating a consistent 8.3% yield isn't that easy. Sure, you might tell me that you have found some generous MLP's or split share products generating 8%+ yield. But, when you look at their long-term returns, you may want to revise your strategy. Here's a quick example of Financial 15 split Corp (FTN.TO):

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Financial 15 Split Corp (FTN.TO) Price VAL 8.22

Loss of capital

Financial 15 Split Corp (FTN.TO) Dividend VAL 0.126

Loss of income

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Once again, we have the classic “loss of capital and loss of income” as FTN slashed its dividend during COVID. While the rest of the market (and the vast majority of dividend growers) have survived and thrived after 2020, FTN investors are left with a can of tuna to celebrate their retirement.

It’s important to note that Quadravest will describe the Financial Split 15 as a “high-quality portfolio consisting of 15 financial services companies made up of Canadian and U.S. issuers”. You could have saved yourself a lot of time and grief by buying your favorite top 2-3 Canadian banks and calling it a day.

Speaking of banks, that makes me think of another ultra-popular investment vehicle: **covered-call ETFs.**

I entertained the idea of doing a course on writing covered calls until I researched this strategy thoroughly. The covered call ETF will provide you with additional income, which is a fact. It’s not a terrible product either. However, keep in mind that the covered call ETF will always under perform the underlying asset.

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This graph shows the difference of investing $1M in a covered call ETF writing options on the big 6 banks vs the same ETF equally invested in the same 6 banks but without the covered call strategy.

If you didn't touch your portfolio since inception (2011), one investment would be worth $3.9M today while the other would trail by more than a million at $2.87M.

Do you love income enough to leave $1M on the table over 13 years?

"But Mike, ZWB sucks, it's not a good example. JEPI is way better!"

JEPI Seeks to deliver a significant portion of the returns associated with the S&P 500 Index with less volatility, in addition to monthly income (JEPI Factsheet). Let's then compare JEPI with SPY, a classic S&P 500 ETF. I wish I had over ten years of data on JEPI, but let's run the same exercise just in case I could be wrong.

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	VAL
JPMorgan Equity Premium Income ETF (JEPI) Total Return Growth	$1.698M
SPDR® S&P 500® ETF Trust (SPY) Total Return Growth	$2.004M

$2.004M
$1.80M
$1.698M
$1.50M
$1.20M
$900.00K
2021
2022
2023
2024
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It is true that JEPI is less volatile and that you must sell SPY shares regularly to generate the same level of income. However, in about 4 years, SPY generated $400K more than JEPI in total return. From that graph, we could suppose that JEPI would match SPY's return (or maybe even do better) in a "forever bear market". In other words, if you think that your 25 years of retirement will be a long path to hell, showing negative returns year after year, there is a chance JEPI may do better unless the world collapses after 10 years of consecutive negative returns… which has never happened in history).

The stock market is cyclical, but 100+ years of history have taught us that most years are positive. In fact, the longest bad market streak happened in the Great Recession and it was 4 years. Are we going to live that or worse again? Who knows, but chances are pretty slim.

Going for the yield could work. But if it does, you left a ton of money on the table.

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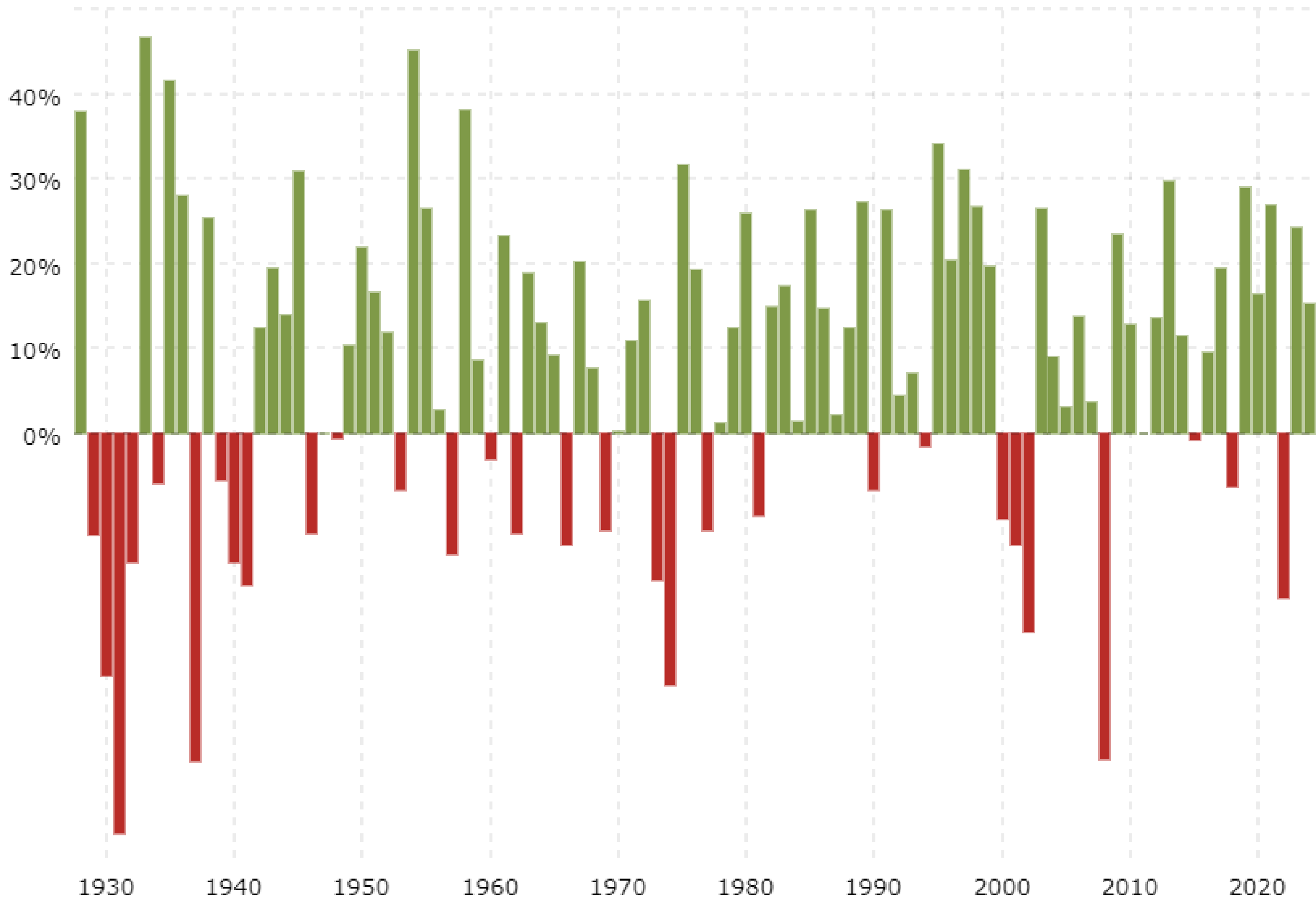

Source Macrotrends

Dividends aren't guaranteed and they aren't magical

As you already know, I'm a dividend growth investor who focuses on total returns. I use dividend metrics to select stocks, but my goal is to generate the best return possible. Many classic buy-and-hold dividend investors will tell me the following when they look at my portfolio:

"Mike, your portfolio and returns are great, but your capital gain doesn't count. Capital gains don't exist until you cash it. Therefore, it's not as real as my 8% dividend yield being deposited in my account each month."

This is where those investors are incorrect when they assume their 8% dividend yield is more "secure" than a total return portfolio offering an 8% return made up of 3% yield and 5% capital gain. I understand the 8% yield is easier to calculate and looks more stable. After all, if the company pays 8% each year, you don't have many calculations to do. You cash your dividends, and you move on. However, how many of those 8% yielders eventually cut their dividend and you wake up to a massive capital loss?

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The answer? Enough of them to kill your retirement portfolio.

Back in 2014, I had this conversation with a reader calling himself a well-seasoned investor with a portfolio filled with high yielder stocks. He offered four of his favorite picks back then as an example: (Kinder Morgan (KMI), Breitburn (BBEP), Starwood Property (STWD), Ares Capital (ARCC).

	VAL
Vanguard Dividend Appreciation ETF (VIG) Total Return	216.5%
Ares Capital Corp (ARCC) Total Return	215.4%
Starwood Property Trust Inc (STWD) Total Return	130.1%
Kinder Morgan Inc (KMI) Total Return	0.45%

Where is Breitburn (BBEP)?

216.5%
215.4%
160.0%
130.1%
80.00%
0.45%
-80.00%
2014 2016 2018 2020 2022 2024

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If you are looking for Breitburn on the graph you won't find it because **it went bankrupt in 2018** and became Maverick Resources. Therefore, out of 4 "safe" companies paying high yields, one of them kept up with a classic dividend growth ETF, one did okay (STWD), one (KMI) did nothing for 10 years and the last one (Breitburn) wiped out your money completely.

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How many bad picks do you need to crush your retirement dreams? Imagine that you have 30 stocks in your retirement portfolio and if about 4 of them underperform then you may have a major problem. Picking-up stocks with high yields is like skating full speed without knowing how to turn.

Managing a monthly budget with quarterly dividends

Then again, in an ideal world, we would have all monthly dividend stocks at retirement, and we won't have to manage our budget. Unfortunately, when you use the "advanced filters" of the DSR stock screener, you will notice that you don't find many great monthly dividend stocks.

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	Symbol	Name	Mkt	Sector	Pro Rating	Dvd Safety	Cur Pric	5yr wth	Dvd 5yr Growth	DSR Favorite
☆	AP.UN.TO	Allied Properties Real Estate Investment Trust	CA	Real Estate	4	3	40.(	%	2.44 %	-
☆	AW.UN.TO	A&W Revenue Royalties Income Fund	CA	Consumer Cyclical	3	3	35.8	%	-6.70 %	-
☆	AX.UN.TO	Artis Real Estate Investment Trust	CA	Real Estate	3	3	10.8	4 %	-12.90 %	-
☆	BAD.TO	Badger Daylighting Ltd	CA	Industrials	3	3	42.	%	10.57 %	-
☆	CAR.UN.TO	Canadian Apartment Properties Real Estate Investment Trust	CA	Real Estate	3	3	53.8	8 %	2.78 %	-
☆	CRT.UN.TO	CT Real Estate Investment Trust	CA	Real Estate	4	3	16.3	%	3.63 %	×
☆	CSH.UN.TO	Chartwell Retirement Residences	CA	Real Estate	3	3	11.71	%	2.74 %	-
☆	FN.TO	First National Financial Corp	CA	Financial Services	3	3	49.4	%	5.54 %	-

Basic filters
Advanced filters
Industry: All
Mkt Cap: Min. Max.
Dvd Freq: monthly
Price/Book: Min. Max.
PEG Ratio: Min. Max.

The monthly filter alone will list 98 stocks. However, if you add a minimum of DSR PRO rating of 3 and a dividend safety score of 3, you get down to 35 companies that are mostly Canadian REITs (and not all of them pay at least 3% yield!).

Unfortunately, this means one must also pick among companies paying quarterly dividends. ***Should you match your dividend payments with specific months?*** Some investors like to play around with the "dividend cycles" and identify stocks according to their month of dividend payment:

- JAJO: January, April, July, and October
- FMAN: February, May, August, and November.
- MJSD: March, June, September, and December

Using that strategy, you could manage to have about the same dividend paid each month by distributing your assets through companies paying on various dividend cycles. While it looks nice on paper, I find this strategy restrictive and overly complicated.

It's restrictive because it may prevent you from investing in your favorite companies in each sector. You are condemned to picking stocks according to their dividend cycle and not by their fundamental value characteristics.

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It's overly complicated since one must monitor dividend growth for each cycle and make sure a group doesn't overperform (or underperform). Over the long haul a 3% increase in the dividend growth rate or a dividend cut would force you to redo all your calculations.

For those reasons, I prefer to have a 12-24-month cushion and withdraw some money from it during lower months and let the extra cash accumulate during the more generous dividend revenue months. In the end, years go by so fast that I don't think one should focus on the moment or frequency with which dividends are paid. The work should be put towards building a portfolio filled with amazing companies showing stellar fundamentals from various sectors instead of "OK" companies paying a dividend during the right month. Now, let's talk about those stellar dividend growers.

The make-your-own-dividend option (my favorite)

I had another great conversation with a DSR member regarding stocks in a retirement portfolio. She was comparing stocks like Canadian Utilities (CU.TO) and Alimentation Couche-Tard (ATD.TO) from a retirement perspective. In other words, she was trying to determine which stock would be a better fit to generate income.

On one side, you have a utility with limited growth potential, but an impressive dividend growth history of 50+ years. With a yield of 5.15%, it looks like a no brainer, and I agree.

On the other side, you have a growth-oriented company with an impressive dividend growth rate, but with a mediocre yield (0.90%).

How much time will it take Couche-Tard with a 0.90% yield to reach the Canadian Utilities' yield? Short answer: forever.

Verdict? Pick Canadian Utilities and ignore Couche-Tard!

Not So Fast.

Let me remind you of the concept of total returns 😉. As I mentioned earlier, dividends are not guaranteed. Couche-Tard offers a low yield because the company is heavily focused on growth. It pays a small yield but uses most of its money to grow the business and create added value for shareholders.

Finance 101: if a company finds opportunities to generate value for shareholders, it must not distribute its extra cash flow as dividends, but rather pursue those opportunities. Reinvesting in the company is crucial for the survival of the business, but also to make sure it thrives in the future. If there aren't many opportunities to invest in, then the dividend appears to allow shareholders to allocate capital in a more optimal way.

Now, instead of wondering how much time Couche-Tard will take before it generates an interesting revenue coming from its dividend alone, you should wonder how Couche-Tard's stock price could rise faster than Canadian Utilities.

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Imagine if you invested $100K in ATD and another $100K in CU.TO 10 years ago and you reinvested the dividend each year. Which investment grew the most? The answer? It is quite shocking if you look at the past 10 years.

	VAL
Alimentation Couche-Tard Inc (ATD.TO) Total Return Growth	$447.47K
Canadian Utilities Ltd (CU.TO) Total Return Growth	$138.13K

Sep 12, 2024, 11:42 AM EDT Powered by YCHARTS

That’s right, over the past 10 years, ATD surged by more than 350% while Canadian Utilities didn’t even hit 40%. Which amount will generate the most income? At this point, it’s a rhetorical question. If you say that by selling shares, you will have less in the future, I’d argue that ATD split so many times that shareholders now have 48 shares for each share purchased before 2001!

The solution is not to invest in all the Couche-Tard’s of this world and ignore the Canadian Utilities. If you are retired, you want some “sure shots” like CU in your portfolio. This type of company brings stability and a decent expectation you will generate good income year after year. Plus, it’s a lot easier to budget when you need 4% in income and the stock generates more than this.

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I used this extreme example because I wasn't cherry-picking as it originated from a real-life example from a member. Also, it shows that **a balance between low yield, high growth stocks and classic "retirement stocks" such as utilities and REITs could create the perfect blended retirement portfolio.** As I mentioned earlier, dividends aren't magical. Therefore, instead of getting a high yield from Couche-Tard, you get high growth. Once retired, you can easily take your "one-million-dollar investment" and generate your own dividend by selling a few shares on occasion.

Remember this: the value is either in the dividend or it's the share value. It's the exact same thing. If you focus on building a portfolio filled with amazing dividend growers, you won't have to worry about your average dividend yield. However, it doesn't mean you can't increase it!

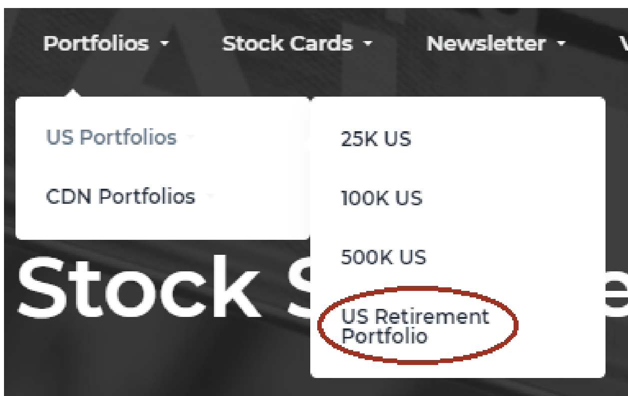
SMART WAYS TO IMPROVE YOUR YIELD

There are a few tricks you can use to improve your overall dividend yield without having to put your retirement in jeopardy. The first one has to do with portfolio management as you can play with your sector allocation. While you can find great businesses in pretty much all sectors, there are a few sectors where you can concentrate to build your "core portfolio".

Some sectors are more generous than others

It's not a secret that utilities, the communication sector (telecoms), and REITs are known to be generous dividend providers. Utilities and telcos are usually mature businesses with stable streams of income. This makes distribution of wealth logical. REITs are made to distribute most of their income. If you add a few Canadian banks to the mix, you would already have enough sectors to invest easily 60% of your portfolio (following the "don't go over 20% in one sector" rule).

Use our retirement portfolio to get some ideas



Our retirement portfolio shows ~20 US and ~20 Canadian positions offering generous yields without forgetting about dividend growth. This could be a great place to start if you are looking for some ideas for either a sector allocation model (since we make sure to be well-diversified) or for some stock-picking ideas.

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We have a buy list for you

If you are looking for more ideas, the Mike's buy list will offer you 10 retirement stock ideas (5 US and 5 Canadian) with monthly updates. The Buy list goal is to offer you timely and fresh ideas. Some picks may seem "old" in our portfolio and you may be under the impression that you have "missed the boat" if a stock has surged. The Mike's Buy list will offer you opportunities that you can pick right now! You can find the updated list on the site under the section "newsletter".

Replace some lower yielding stocks with the stock screener

My favorite way to find potential candidates for my portfolio is to use the DSR stock screener. We now cover almost 1,000 stocks and we'll be adding more soon. One thing you can do is to identify your lower yielding stocks and try to find replacements in the same sector. By using the following filter in the stock screener, you can easily narrow down your search to a few stocks.

Select a minimum of PRO rating of 3, a minimum dividend safety score of 3 and a minimum yield of 3 or 4% to find great retirement stocks.

If the search results are too large, narrow it down with your favorite sector to find the perfect replacement for your portfolio.

By using the stock screener by sector, you will also avoid finding 10 great REITs and nothing in other sectors.

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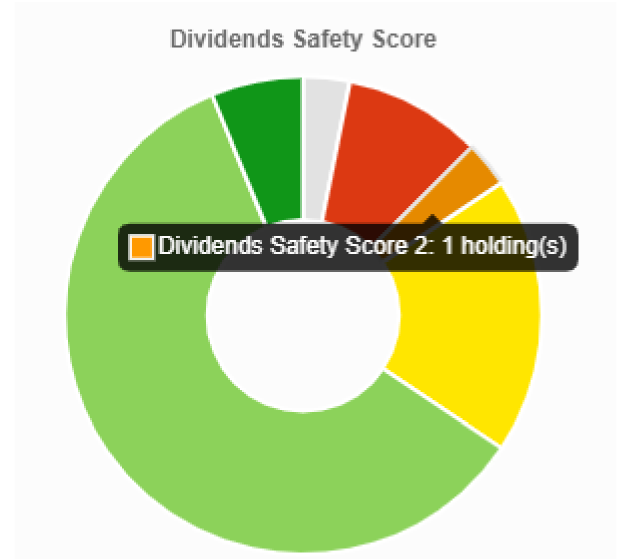
Monitor your portfolio with DSR PRO

Finally, one thing I love about the new DSR PRO online portfolio builder is the ability to get sector allocations, PRO ratings, and dividend safety scores instantly. While the quarterly report will give me additional information on each company's latest earnings, the ratings will tell me immediately if I must act. All dividend safety scores of 1 and 2 must be reviewed right away to make sure they are still a good fit in your portfolio.



It is often difficult to get rid of a stock in your portfolio. You did your research, you liked the company, and you were willing to wait and hope. But, if each time you login to your portfolio, you see it in red or in orange, you know there is something wrong. Making that pie chart glow in green colors is definitively a part of my goal! I know I will avoid bad news by doing so.

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DOES A DOWN MARKET AFFECT YOUR RETIREMENT?

The obvious answer to that question is "yes". **However, this may be the wrong answer.**

I can see you raising your eyebrows right now. *How can you not be impacted by a 20% drop in your portfolio at retirement?* Here's the long answer. Let's be honest, this is not your first and it won't be your last market drop. While it always feels like it's the end of capitalism, companies and governments find ways to adapt and thrive.

Let's go back to 2008 as this market took about 4-5 years to fully recover. If you had retired in the early summer of 2008, right before Lehman Brothers went bankrupt, you went through a terrible 4 years. While you were withdrawing money from your portfolio monthly, the holdings' value fell even faster. Now, remember two things. If you retired in 2008, this means that you were investing for at least 30 years before that. Here's what it looks like in perspective:

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Lesson #1: you enjoyed strong bull markets in the past that helped you build this retirement nest egg.

Being invested between 1978 and 2008 was a blessing. It's the same story I'll be telling my children and grandchildren in 2041 about investing in 2003. I was fortunate to start investing young (my children have started at an even younger age). What's so special about 1978 or 2003? Nothing. They are just the dates when you started investing. It could be 1995 or 2015, the story will be the same in 30+ years.

Ok Mike, but how do you feel when you retire in 2008 and 4 years later, you are still in the red?

S&P 500 Total Return Level % Change
S&P/TSX Composite Index Total Return Level % Change
0.00%
-2.86%
-6.39%
-20.00%
-40.00%
-60.00%
2008
2009
2010
2011
DIVIDEND STOCKS ROCK
INVEST WITH CONVICTION, ENJOY YOUR RETIREMENT
Jun 15 2022, 10:51AM EDT. Powered by YCHARTS

Fair point. If you retired in 2008 and you started withdrawing 2% of your portfolio by making your "own dividend", you are in the red as you start 2012. That is not a good feeling and I get that. However, it should have been factored into your investment plan. I remember being a financial planner in the beginning of 2008. All my investment products were showing double-digit returns over the past 5 years. Many investors thought it was the norm. We were all showing double-digit returns over the past 5 years (some of us still do 😊). But a double-digit return on your portfolio isn't sustainable throughout your entire retirement.

Now, if you retire in 2008, this means you were between 55 and 65 at that time. It gave you about 30 years of investing assuming your life expectancy is somewhere between 85 and 95. Now, let's look at your reality today:

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As you can see, even if you retired before the toughest bear market of the past 20 years, your portfolio more than recovered over the past 15 years. It has more than doubled or even tripled for the U.S. market, providing you more money than ever to keep-up with a comfortable retirement lifestyle.

Lesson #2: staying true to your investment strategy during a bear market will reward you long term.

If we had a crystal ball, we would have cashed in all our investments in 2008, reinvested all in March of 2009 and then sold everything in 2015 only to buy back at the end of that year and then repeat this strategy in 2018, 2020 and 2022.

When you consider your retirement plan, it should include a ~30-year period of accumulation and a ~30-year period of decumulation. Throughout ~60 years of investing, you will go through many market cycles. If you stick to your strategy, this bear market or the next one will not have a significant impact on your retirement.

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The keys are always the same: good diversification, a solid investment thesis for all your holdings, and a focus on dividend growers.

FINAL THOUGHT

There are no secret ways to create your retirement portfolio. In fact, while this "new" portfolio must sustain your retirement, it doesn't mean it should be completely changed from your previous portfolio. The strategy you used for all those years to grow your portfolio is still valid once you are done with the growth phase.

I can see myself keeping stocks like Couche-Tard, Visa, or Apple along with Fortis, and Telus. I think the combination of both income focused and growth focused stocks will allow me to have the best retirement possible.

Some may wonder why I don't discuss bonds, cash, or other "stores of value" in a retirement newsletter. That's because I believe in an offense being the best defense. That is obviously a very personal choice. Having a portion of your portfolio in preferred shares and ETF bond funds totally makes sense if you don't need capital growth and you would rather have stability in your portfolio. Once you have determined an appropriate % for this type of asset in your portfolio, you are pretty much done. If I chose to go with bonds or preferred shares, I would select large and well-diversified ETFs to avoid any surprises over time. I would continue, however, to concentrate my time and energy on managing the stock portion of my portfolio.

Next week, we will dig deeper into the mechanics of funds withdrawals.

Cheers,

Mike.

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