

Patrick O'Brien's Spring 2018 Client Note



For the clients and friends of
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Boys & Pugman in the spring sun.

Dear Clients and Friends,

I hope this letter finds you well and dry. As I write, it is raining and about plus 4 degrees, which is up from plus 1 when I set out this morning on my bike. It has indeed been a slow spring so far and on markets around the world. After excellent returns in 2016/17, stock markets around the world have languished to the tune of an ~ 10% drop from their highs.

Much has happened since Christmas with lower US corporate taxes introduced January 1, followed by scandals at Facebook, ongoing bluster with NAFTA negotiations, and threats to global trade. If it is not one thing, it is another. I am reminded that 50 years ago, Martin Luther King Jr was assassinated, and this during the first decade of the Vietnam war, the Cuban missile crisis, and the murder of a US president. The present always seems scarier than the past despite the reality that more people in this world live in peace, prosperity, and opportunity than ever before in human history. Recently, the number of people living on a few dollars per day worldwide fell below 10% down from over 35% in 1990 (World Bank).

In times of intense regular and social media hysteria, it is good to be receiving dividends each month. Most of our companies send their customers an invoice that will be paid in priority for such essentials as cell phone service, heat, light, and rent. Those paid invoices translate into a continuous stream of dividends to you and me. Although individual results can vary, generally speaking, I am pleased that portfolios have been only marginally affected by the correction in major stock markets.

Small Business Tax Changes:

The federal budget has introduced legislation that is punitive for small business corporations who earn active income and save within the corporation or associated corporations. I have written to each of you who I think might be affected with an overview and some evasive actions. Please contact Cameron or me if you would like a copy of this article.

In May, we will receive our notices of assessment (NOA) from the Canadian Revenue Agency (CRA). I will be making my 2018 RSP contribution based on the NOA indicated contribution limit instead of waiting for "RSP season" in February 2019. By so doing, I will be adding to the time that the money can compound between now and my 72nd birthday year.

The Silent Partner

We pointed out in my January client note that in many families, one spouse takes the lead in monitoring the investments and communicating with me. If you are the silent partner, please be assured that if that should change (and it does every year to at least one family) my staff and I are here to help you. We also look forward to meeting your children for their benefit, or for yours, as they may be starting to take on a more active role in your finances. We appreciate the opportunity to build familiarity prior to them having a significant role in your financial situation.

Please contact me or Cameron for discussion about your portfolio or financial planning requirements.

Happy Spring!

Regards,

Patrick O'Brien DVM, Wealth Advisor, VP and Portfolio Manager

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