

# Summer 2020 Client Note: Update



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## Dear Clients and Friends,

I trust you are looking forward to the summer months, altered as they are by the pandemic.

### Investment Update:

We are now in the grinding phase of recovery which will be typified by two steps forward, one step back. I expect that there will continue to be flare ups of new coronavirus cases in different places in the world as the months roll on. Countering the virus induced economic damage are unprecedented amounts of stimulus from governments. Further, younger people who earn and spend are champing at the bit to get on with their lives as evidenced by the traffic on the roads. Vaccine trials from numerous labs are making excellent progress and they are starting large human trials. As each case recovers, it gets harder and harder for the virus to contact immunologically naïve people in the few hours before the viral particle becomes damaged and non-infective. I am hopeful for a much shorter and less damaging effect when we look in the rear view mirror a few years from now in contrast to the consensus in the media.

I do not expect any of our companies to reduce their distributions, so please continue to eat the eggs, but spare the chickens. I also expect share prices to gradually increase on their way back to pre-pandemic levels, but it could take a while as areas open and close. Market downturns are inevitable and unpredictable, but also temporary for investors such as ourselves who do not speculate based on media pundits and market prophecies. I am pleased with the rebound in portfolios since the low reached on March 23. The value of my style of investing is that the income continues to flow during declines and the companies, for the most part, deliver a critical service (ex. electricity) that are much less affected by the decline in the overall market. I wrote a series of articles earlier in the pandemic that are still helping to keep clients grounded today starting with the January Client Note and one entitled, "Markets are Like a Bad Bag of Silage." Please contact Tanner at [tanner.hassell@rbc.com](mailto:tanner.hassell@rbc.com) or 604 467 3259 to have them sent to you.

## **Introducing Tanner Hassell:**

Tanner will be moving into a new role over the next year to take on additional responsibilities within my practice. Tanner has been with my group for just about a year now and has shown great proficiency in learning the administration role from Celine McKay. He is excited to take on this new role and I am looking forward to extra help in my department. Celine will just have to do more with less... just kidding! She will have a new assistant shortly.

## **Financial Planning Notes:**

### *Optional 25% minimum RIF payment reduction clarified*

Earlier this year in March, the government announced that minimum RIF (Retirement Income Fund) payments could be reduced by up to 25% in response to Covid at the clients' discretion.

This is most applicable to those who do not need all of their income payments. Reducing your payments lowers your taxable income for 2020 and keeps the account growing tax deferred. This applies to all Retirement Income Funds (RIF, LIF, LRIF etc.)

### *Making the most of your RSP*

Many of you have now received your 2019 personal tax Notice of Assessment, showing the available room you have to contribute to your RSP (Retirement Savings Program). If you have the funds available, and are planning on making a contribution this year, you will enjoy the added time benefit of compounded growth over waiting until the deadline on March 1, 2021. Please contact us if you have any questions or would like assistance determining if this would be suitable for you.

## **Office Closure update:**

The office is still closed, but all of us are fully functional from home. We are able to review your portfolios via WebEx and offer all of our investment/financial planning services remotely. As a final note, I am grateful for the referral of your friends and relatives during this rough patch in the history of the world. I look forward to serving and supporting them as I do for you.

I wish you all the best for a different kind of summer,

***Regards,***

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

Celine McKay, Senior Associate

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