Wealth Management
Dominion Securities

Randall Roberts Wealth Management

Newsletter

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Randall Roberts Wealth Management of RBC Dominion Securities

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Team news

Retirement announcement

Julie Kingyens, an invaluable member of our team, and our most tenured branch employee, has announced her retirement, effective June 30, 2020. The entire team wants to wish Julie a safe, healthy, and rewarding retirement! After 25 years with RBC Dominion Securities, preceded by 16 years of service at Royal Trust, Julie's knowledge and experience as an Associate are second to none. We cannot thank Julie enough for her hard work and dedication throughout her career. Julie's willingness to put in the extra time and effort with clients, and to always manage our client's administrative needs with great focus, has had a tremendous impact on our team's success. Julie's commitment to excellence is something we have truly come to depend on. Assuming Julie puts as much effort into enjoying retirement, we know it will be an incredible stage of life for her. She will be joined in retirement by husband Paul (who may have had a head start) and together, they plan to enjoy travelling and time spent with family and friends. We will miss working with you, Jules, and congratulate you on this incredible milestone!

Investing in our team at Randall-Roberts

We are proud to have grown our team with the addition of three new team members over the past two years. All three individuals bring with them significant industry experience, a commitment to client service and a wealth of knowledge to help serve you. We would like to introduce:

Genesis Evans – Associate

Genesis joined the team in November 2018, bringing with her 15 years of retail banking experience at RBC Royal Bank and another large Canadian bank. Genesis is fully licensed and plays an integral role on our team as coordinator of wealth management services and general administration.

Robert Giampietri – Associate Wealth Advisor

Robert joined the team in November 2019. A lawyer by profession, Robert enjoyed a successful 17-year career in private practice before joining the Randall-Roberts team. Rob is a valuable resource for clients looking for assistance with estate planning, corporate and business succession planning and more.

Alzira Caetano – Associate

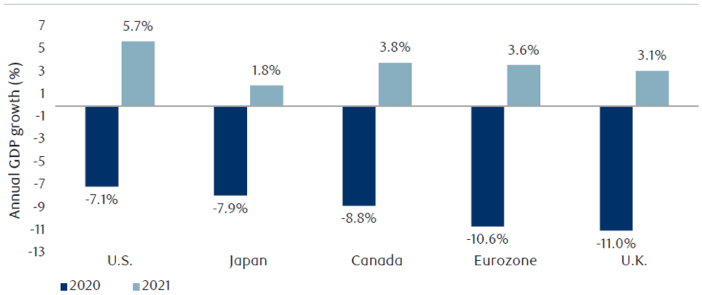
Alzira joined the team in May 2020. Prior to joining the team, Alzira worked in the RBC Dominion Securities Sarnia office as a branch operations assistant. Alzira is fully licensed and looks forward to working more closely with clients in her new role. With significant experience in our firm, Alzira is adept at handling all administrative tasks.

Market update

Financial markets have so far continued their unprecedented recovery in July. This is more welcome news for investors, and comes on the heels of a surprisingly "not-as-bad-as-feared" employment picture in the U.S. and Canada. Despite bouts of volatility here and there, and a slew of negative headlines to digest, most major stock markets have enjoyed sizable gains from their late-March lows.

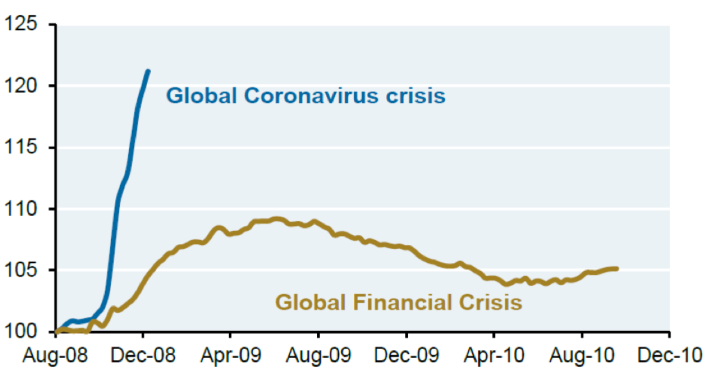
In clear "crisis mode," governments and central banks have responded forcibly with many support measures. When referring to the scale of U.S. government and Federal Reserve stimulus, JP Morgan Bank CEO, Jamie Dimon, put it bluntly: "This wasn't the bazooka, (they brought) out the whole military." As evidence, the current levels of economic stimulus in Canada and the U.S. are approaching 15% of GDP, despite current expectations of an 8.8% decline in Canada and a 7.1% decline in the U.S. In contrast, the level of U.S. stimulus is now twice the size of that employed during the 2009 global financial crisis (GFC). Furthering the positive effects of fiscal stimulus, quantitative easing (increased money supply) has once again been employed by the U.S., and is being done at a rate that far surpasses levels utilized during the GFC. Specific to Canada, the Bank of Canada, for the first time ever, has launched its own quantitative easing program.

Exhibit 9: RBC GAM GDP forecast for developed markets



Source: RBC GAM

Faster growth in the money supply this time around
M2 money supply + institutional money market fund balances, index



Source: St Louis Fed, J.P. Morgan Asset Management. May 2020.

The significance of the economic drawdown, the unprecedented stimulus measures, and the ensuing recovery in stocks, has left many puzzled. Is it enough? Is it sustainable? Why has the recovery in stocks been so quick? How can the stock market be so strong when things appear so bad? On the surface, there appears to be real discrepancy between what's happening on Wall Street and what's happening on Main Street. The economic pain has been especially severe for the millions of displaced workers and small business owners. As we know, the stock market tends to be a predictor of future growth, attempting to discount long in advance the earnings potential of its underlying companies. Historically, stock markets have led economic data, which is now only starting down its long road to normalcy. Nonetheless, equity investors appear optimistic that earnings of companies are not permanently impaired and that an economic recovery will occur.

After everything equity investors have been through in 2020, surprisingly, the U.S. market (S&P500) has fully recovered beyond its January starting point. The technology-focused Nasdaq index recently hit all-time highs, as investors gravitate to companies whose earnings can thrive in the current environment (i.e. Amazon). The more-impacted energy and materials-heavy Toronto Stock Exchange remains down, but only ~5% for the year – not bad, considering oil prices went briefly negative!

We must acknowledge how stressful this past correction has been for investors and for you, our clients. Even moderate-risk-balanced portfolios suffered uncomfortable temporary drops in market value. Not only have investors faced an economic crisis, but also a very serious health care crisis, only adding to concerns. As portfolio managers, we recognize the conviction it takes to remain invested and to stick to long-term investment strategies. Patient investors have been rewarded and that phenomenon is unlikely to change.

Concerns undoubtedly remain. Most of them surround COVID-19's longer-term economic impacts, potential for second-wave implications. Next, the U.S. election will take focus. Perhaps the one constant is that investing is never 100% comfortable – if it were, it would be easy. There are always reasons for us to be vigilant in our approach to managing your wealth, and we remain committed to that.

Coronavirus update

First, the good news. The provinces of Quebec and Ontario continue to see average new daily cases that are trending in the right direction. Sarnia's Bluewater Health recently announced that there are zero hospitalized COVID-19 cases in our city. The situation in Canada is improving and has led to an expansion of reopening plans. The same can be said for much of Europe, where mobility trends have been rising as lockdown restrictions have eased and there have been limited signs of any acceleration in cases. The exception to this appears to be Sweden and the Balkan region, where there have been spikes in new cases in Serbia, Albania, Bosnia and Herzegovina and Macedonia.

Elsewhere, the news has not been as encouraging. Central and South America remain the epicenter of the crisis. But, there are concerning trends in other regions too. More specifically, in Southeast Asia and the Middle East, where countries such as India, Iran and Pakistan have seen meaningful increases once again this week. Meanwhile, in Russia, case trends have not accelerated but remain elevated.

Investors appear to be most concerned, and confused, about the pandemic in the U.S. The question and debate centers around whether a resurgence of the virus is occurring. At a national level, this does not appear to be the case. But regionally, the story is less clear. California, Texas, Arizona, Georgia, Florida and North and South Carolina are some states that have witnessed clear increases in new case volumes over the past week, with some also showing increases in hospitalization rates.

The right balance

The reemergence of volatility has reminded us that the path of the economic recovery will be uneven, difficult to forecast, and may remain below its full potential for some time to come. Jerome Powell, Chairman of the U.S. Federal Reserve, said as much this week when he indicated that the pace of recovery remains “extraordinarily uncertain” and depends heavily on the ability to successfully contain the virus. Herein lies the next challenge for government officials. More specifically, what approach can foster a functioning economy with effective virus control? The answer is not likely a draconian lockdown, as was the case for most of the world over the past few months. Instead, it may involve tactics that are regionally focused, allowing businesses to remain open, mandating physical distancing and protective measures and identifying and tracing emerging risks and outbreaks. Surely, this is easier said than done.

Investors face the difficult task of staying disciplined in their decision making, focusing on their long-term objectives, and not getting influenced by the short-term swings in sentiment and prices. This challenge has been particularly relevant in recent months and holds true today.

We know long-term investing implications will result from this crisis, and we’re positioned with the resources to adjust our tact accordingly, as needed.

While we watch the week-to-week developments closely, and are constantly monitoring our portfolios for opportunities and emerging risks, we remain committed to our long-term approach that is focused on proper planning, asset allocation, rebalancing and regular reviews of all positions.

Exhibit 35: Long-term implications of COVID-19

General	Economy and markets
• Much will prove only transitory (Spanish flu, 9/11)	• More skittish about future viral outbreaks
• Populism – Unclear more vs less?	• More public debt / default risk
• Low density > high density	• More private debt / default risk
• Human life valued more highly than in past	• Ultra-low interest rates to persist
• More focus on low probability/high impact risks	• Hazier distinction between monetary & fiscal policy
• Geopolitics get trickier; EU challenged?	• Permanent expansion of government? Maybe, but not convinced
• Environment – less focus but better trajectory?	• Anti-globalization – less immigration / more onshoring
	• Accelerating automation
Lifestyle	• Loss of human capital from school & business closure (small)
• Office – remote work / less travel / handshaking	• Innovation – helped by new patterns of demand / hurt by remote work?
• Leisure – eat out less / less travel	• Online > Brick and mortar
• Higher inequality	• Big business > small business
• Baby boom? Doubtful	• Less anti-trust pressure, fewer data privacy limitations
	• Lower long-term return on investment? Would require high death rate

Source: RBC GAM

Private Investment Management

As you enjoy greater success in life, your financial affairs will invariably become more complex and demand more of your time – time that you would prefer to devote to your other interests and responsibilities. In an effort to provide clients with the most comprehensive investment management offering our team has begun providing discretionary investment management services. Only a select group of highly qualified advisors are able to offer discretionary investment management. To qualify as an accredited discretionary manager, an advisor must have extensive experience advising clients, complete rigorous academic coursework, and have substantial assets under direct management.

With discretionary investment management, you can be confident that your portfolio will be managed according to the highest standards. In consultation with you, your portfolio will be constructed with such factors as your growth requirements, income needs and risk tolerance in mind. We handle all of the details on an ongoing basis, working within specific guidelines established in your Investment Policy Statement. We are able to take advantage of investment opportunities quickly and efficiently because your approval is not required for every single transaction. A careful process involving robust checks and balances, and formal reviews ensures that your portfolio is managed to the highest standards of ethics and professionalism.

If you desire greater freedom to focus on what’s really important to you, and the confidence of knowing that your portfolio is in the care of trusted professionals, we invite you to consider discretionary investment management.

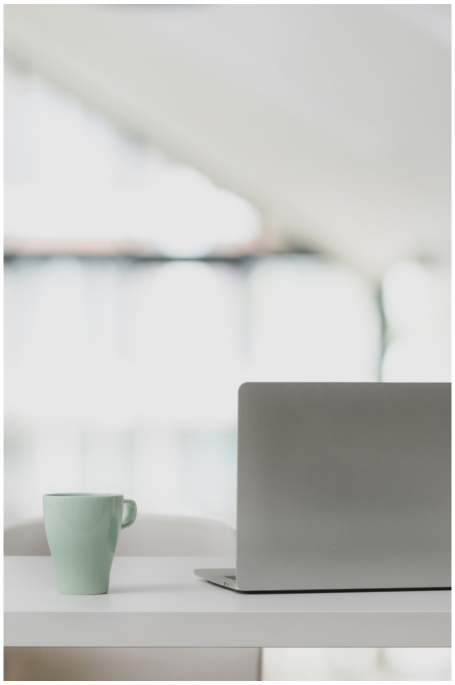
Please contact us for more information.

Reduction of RRIF minimum withdrawals for 2020

In an attempt to alleviate financial hardship, the Canadian government has reduced the required RRIF minimum withdrawals by 25% for 2020. If you do not need your entire unreduced RRIF minimum payment for your living expenses, consider taking advantage of the reduced minimum amount for this year. Withdrawing only the reduced minimum amount will not only help preserve your retirement savings but also delay the tax on funds you don't need this year. If you have not yet withdrawn your 2020 RRIF minimum payment, or have withdrawn only a portion of the unreduced payment, you can request the reduced minimum. Please call a member of our team to assist you in making the best decision for your current financial situation.

"e" for a tree Campaign

Randall-Roberts Wealth Management of RBC Dominion Securities, together with the RBC Foundation, are pleased to announce our partnership with Tree Canada. We will plant a tree in your honour through Tree Canada's National Greening Program when you do any of the following: switch to paperless eDocuments (account statements, tax documents, trade confirmation etc.), enroll in WM Online, or set up online banking at RBC Royal Bank. It's easy to get set up for our online services. Simply contact Genesis Evans at (519) 337-3081 or genesis.evans@rbc.com and we will walk you through the process.



WM Online

Wealth Management Online is our new secure website for clients that allows you to access your account information (balances, holdings, activities, performance, etc.), secure two-way messaging, market information and research reports, eDocuments (statements, trade confirmations, annual reports and tax documents) and much more, from any computer, tablet or smartphone.

With the recent upgrade, clients will continue to have access to all of the great features they currently enjoy, including current account values, electronic account documents and secure messaging. However, you will notice some important improvements, like an all-new design that works just as well on a smartphone or tablet as it does on your personal computer. Plus, we've redesigned the homepage so you can see important information at a glance, and a drill down to more detailed information when you want.

For convenience, clients are automatically enrolled in the new RBC Wealth Management website, simply by using your existing DS Online login information or RBC Client card number. To access, please visit www.rbcds.com and click "Sign in" in the top-right corner. If you have any issues logging in, please contact Genesis Evans (genesis.evans@rbc.com) or Alzira Caetano (Alzira.caetano@rbc.com) for further support.

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