

The Financial Corner with Joanne Vesprini



A quarterly newsletter filled with practical wealth management advice that covers various aspects of financial well-being

Fall 2020

- What is Responsible Investing?
- Reviewing Your Will

My thoughts,

Tweedsmuir Park, BC

Fall is here – the air is cooler, days are getting shorter, leaves are changing colour and starting to fall. We have experienced a lot of change so far this year and many more changes will happen in the next quarter – the US elections being the most prominent one on most investor's minds.

In the past quarter the stock markets have rebound from the March lows as the shortest, sharpest recession in memory appears to have given way to what appears to be a new early-cycle expansion phase. This has been helped by the reopening of economies and monetary and fiscal policymakers who have rolled out an array of measures to stabilize financial markets and cushion income losses for households and businesses.

Company fundamentals are also on the mend with future earnings estimates looking more positive after bottoming in June. Driving some of the recent optimism have been a solid rebound in the labour market, the manufacturing sector, consumer spending, and the Fed's pledge to keep rates near zero through the end of 2023 if necessary.

In recent weeks some uncertainty of rising risks on sensitive issues have pushed stock markets into correction mode. These include the upcoming U.S. election in November, the worrisome stalemate over the next U.S. pandemic relief package, and concerns about a second COVID-19 wave. However, visibility on these issues should improve in the coming months, while the prospect of vaccine deployment by early 2021 seems reasonably promising based on the current number of candidates already in late-stage clinical trials.

Overall, while there will most likely be fits and starts, the outlook for the global economy and corporate profits look to remain on an improving path. At this point global economic growth is expected to return to pre-pandemic activity levels around late 2021 at the earliest.

"Those who expect moments of change to be comfortable and free of conflict have not learned their history" Joan Wallach Scott

May you have a wonderful Thanksgiving. We have a lot to be grateful for living in Canada and especially in BC!

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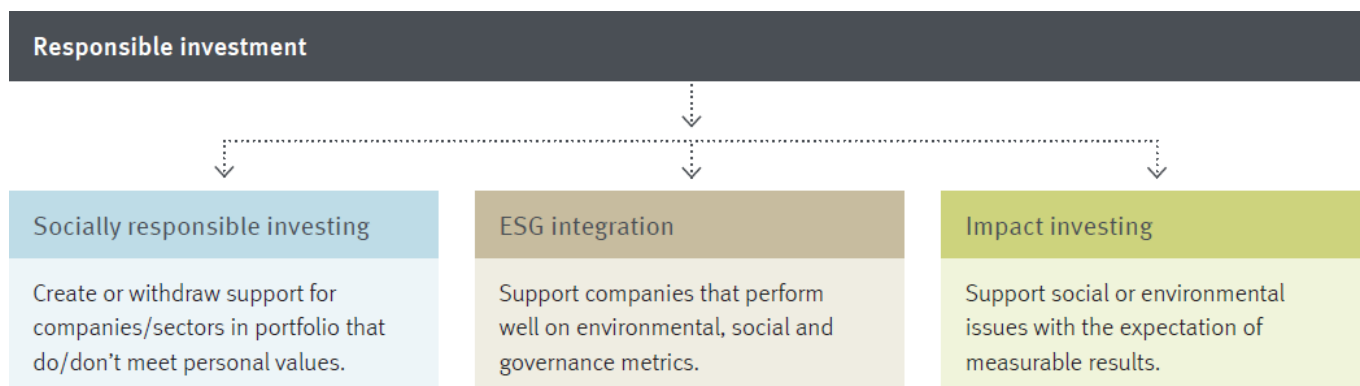


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What is Responsible Investing?

Every portfolio has environmental and social risk. Investors who are increasingly concerned with what risks may be present in their investment portfolios should consider responsible investing.

RBC Wealth Management supports the merits of responsible investing. RBC is committed to community involvement, diversity and inclusion, and environmental responsibility to help the world become a better place—for both current and future generations. To help make good on our commitment to have a positive social and environment impact, we have pathways for you to invest capital in a more responsible manner.



Socially Responsible Investing

Socially responsible investing is also known as values-based or ethical investing. Investors are looking to make a positive change by aligning their personal values with their investment choices. This involves both negative and positive screening of companies, industries or sectors to make a financial influence that match their values.

Negative screening



Tobacco

Alcohol

Weapons

Positive screening



Social
housing

Renewable
energy

Human
rights

Responsible investing in the United States showed a 38% growth between 2016 and 2018, and 18-fold increase since 1995, according to US SIF Foundation.

Environmental, Social and Governance (ESG) Investing

ESG investors are seeking companies with leading environmental, social and governance metrics compared to their peers. These metrics may include:



- **Environmental concerns** — Including climate change, natural resources conservation, pollution and waste management, and water scarcity.



- **Social issues** — Such as corporate philanthropy, community and government relations, workplace health and safety, human rights and diversity.



- **Governance topics** — Including accounting practices, board accountability and structure, disclosure practices, executive compensation, corporate ethics, regulatory compliance and transparency.

ESG rating services provide investors with valuable research, analysis and data about companies to help with portfolio development.

What is Responsible Investing - Continued

Impact Investing

Impact investing is not charity. It is an investment where an investor is hoping first and foremost to generate social or environmental impact. An impact investor also wants to earn a return on their investment. However, they may be willing to take a capital loss as long as some tangible result for the investment can be seen. In that way, it is essential to be able to measure the impact of this investment.

An example includes investment in low-income housing loan assistance, where a tangible impact is measurable (i.e., number of households able to afford housing) and the investor is likely to get his or her money back.

Any investor can participate in responsible investing. It is available to all, beyond the traditional large asset managers, institutional investors, foundations and high-net-worth investors.

Impact investing—a third dimension of performance



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"Tell me and I forget. Teach me and I remember. Involve me and I learn".
Benjamin Franklin



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Will Review Checklist

A handy checklist of questions to address and aspects to consider.

If you already have a Will in place, keep in mind that it's just as important to ensure it remains up to date and that it still reflects your wishes and intentions. Beyond specific life events, it's generally a good idea to review your Will every three to five years.

Note: This is not an exhaustive list. If you answer "yes" to any of the following questions, you should review your Will with your legal advisor to determine if changes are necessary.

Yes No

- ☐ ☐ Since your Will was created, have you been married, divorced, separated, or have you started a relationship with a new partner?
- ☐ ☐ Has a spouse or significant beneficiary died since your last Will was created?
- ☐ ☐ Have you had any additions to the family, such as a child or grandchild, since your last Will?
- ☐ ☐ Changes to your financial position at any life stage should be a trigger for reviewing plans. Has your net worth significantly increased (e.g. with an inheritance) or decreased (e.g. because of bankruptcy) since you prepared your last Will?
- ☐ ☐ Have you or a beneficiary moved to a different province or territory or country since you prepared your last Will?
- ☐ ☐ Have you acquired significant new assets, such as a cottage, business or farm, since you prepared your last Will?
- ☐ ☐ Are your chosen executors or trustees still appropriate?
- ☐ ☐ Are your named guardians for your minor children still appropriate?
- ☐ ☐ Do you wish to add or remove any beneficiaries?
- ☐ ☐ Do you wish to change the terms of distribution to any of the beneficiaries?
- ☐ ☐ Have there been any changes to relevant legislation since your Will was created (e.g. changes to the Income Tax Act or provincial or territorial family law legislation)?

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"I've learned that people will forget what you said, people will forget what you did but people will never forget how you made them feel." Maya Angelou



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