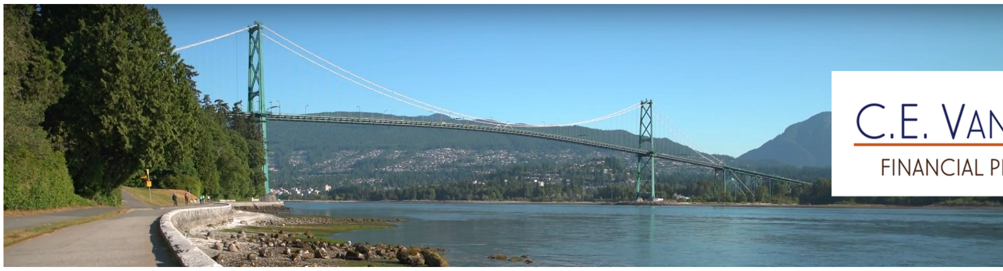

C.E. VANDENBERG & ASSOCIATES INC.
FINANCIAL PLANNING – WEALTH MANAGEMENT – INSURANCE

mutual gains

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WE WILL LISTEN CAREFULLY
TO WHAT YOU ARE SAYING
AND BE ATTENTIVE TO YOUR DESIRES
AS WELL AS YOUR FEARS
SO TOGETHER WE CAN BUILD
AND ENJOY
A HARMONIOUS
AND RESPONSIVE RELATIONSHIP
IN ATTAINING YOUR LIFE'S DREAMS
AND THROUGH THAT
WE WILL BE ATTAINING OURS.

I've Seen (& Experienced) This Before...

There are 2 primary investment styles in active investment manager; Value and Growth. Value investors are sticklers for measuring fundamentals. They want low share prices compared to earnings and they want those earnings to have a history of reliability; buying a business for much less than it is really worth. Growth investors on the other hand are looking optimistically at the future of a growing business. "What could this company look like if all things go as I expect?" Because of this, a Growth investor will pay a much higher price than what a Value investor will pay. A Value investor isn't willing to pay a price based on future expectations. A Growth investor is. This is very simplistic comparison, of course. There are many shades of grey and variations to these 2 primary investment styles.

Growth investors are willing to pay the high share prices in the expectation that the companies benefitting today from Covid related business trends. These companies have a tech foundation. The businesses Value investors are attracted to today are Financial companies, grocers and other boring, sectors. What we are seeing today is the "Growth" businesses have a price disparity between the "Value" businesses, one we haven't seen in over 70 years.

The extremes of these 2 styles are "Momentum" and "Deep Value. Momentum is "buy high sell higher". We are seeing signs of that. The more and more people crowd onto this side, the higher the future downside. When the boat capsizes (and it eventually will) most people won't realize it's too late until virtually everyone is in the water.

When I entered the investment business in 1987, measuring business fundamentals and paying a price in line with those metrics, to me, was the only enduring way to invest. I would see other Financial Advisors and Portfolio Managers move from one style to another, hoping to catch ever wave they could. I must confess, I have in the past, had the urge to follow the crowd. The one which by far was the strongest, was in 1999. When a client pushed enough to put money into an area that everyone seemed to be making money in except them, I sacrificed on a handful of occasions, my strong conviction of making investment decisions based on logic and financial prudence.

The mistake made here is simply selling because of shorter term underperformance (shorter term is 5 years or less). Abandoning a portfolio manager or investment style because of short term underperformance, means you have participated in that underperformance. Then, if you move to something that

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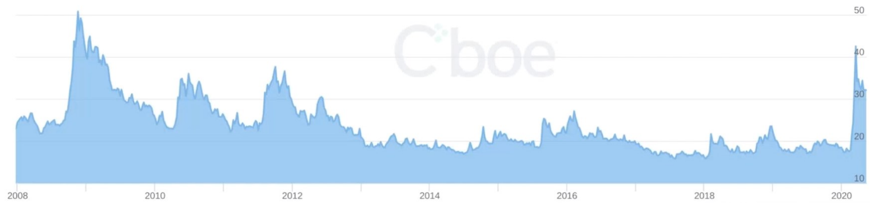
appears to be better, you will have missed part or what could be, most of that overperformance. Eventually that over performer will turn into an underperformer. Do you repeat the same process over again? Many do, if they don't have a defined investment process (or simply don't trust it).

I won't chase performance by swinging for the fence so many are swinging to, today. 33 years of experience tells me not to do it for anyone. Virtually all of my clients trust me to advise and guide them with all of their financial assets and thus, I won't put them at risk of permanent loss. They need this money to provide them a consistent income so they can do all the things they enjoy. What virtually all of us need are healthy long term returns. The only way to get that is through a Portfolio Manager who sticks to a tried and tested investment discipline that has been successfully used for many, many years; one that has proven to provide healthy, well above average, long term returns.

Today, my client's portfolios are made up of companies that you can buy for much less than they will be worth in the future. The future expectations take into account the most pessimistic possibilities. This is much safer and should provide the returns their Retirement Projections need, going forward. We'll continue to stick to this 50+ year time tested investment discipline.

Should You Wait For Calmer Times?

Who doesn't want to invest when the seas are calm, almost glass like? Everyone. Which is why doing what most people are fearful of doing has shown to compound the greatest amount of wealth.



The measurement of fear in the market is seen through VIX, the volatility (fear) index (upper right). You will see the the highest points for the VIX (the highest amount of fear) were in late 2008 and early 2020. If you look left to right you will see that the long-term trend of the VIX was down. The more time passed since the last major market stress the lower the amount of fear. Seems obvious, right? Fear subsides the further away from any past event, you get. However, so do returns.

This is where acting contrary to feelings can serve you well. The closer you are to after a VIX peak, the longer you have until the next VIX peak and the longer you have to compound your wealth. As well, the compounded annual returns for the front half of a cycle are higher than the back half. In other words, the rewards are highest for those who act contrary to market fear and capitalize on the opportunity. The sooner you do that, the better. This I'm sure will play out as it has every time in the past. Are you going to take advantage of this?

5 Bad Investor Traits Financial Advisors Help Correct

Financial Advisors create portfolios and advise on many other aspects of financial decision making. The one thing where Financial Advisors have the biggest impact, is steering someone away from bad decisions that one may be predisposed to making. In other words, when a Financial Advisor gets to know their client well, they can help protect them from themselves. This falls under "behavioural coaching" and has proven in many studies to be the biggest factor why those who work closely with one Financial Advisor, have shown to achieve the best long term returns. Here are 5 of those bad investor traits:

Blaming The Market - They sell when the market tanks and blame the market. They didn't lose the money, the market did. However, when their investments produce large returns, it's because of their investment prowess. This kind of blame for bad and take credit for good can have devastating effects, not only on finances but to their relationships.

Bandwagon Jumpers— These are those who constantly chase hot investment areas. Rather than use discipline, time and diversification to create long term wealth (get rich slow), they let their impatience and a few facts override all other evidence showing why they could be making a mistake. The common argument they use is, "this time it's different" despite hundreds of years of investment history have shown that it is never different. Discipline never goes out of style.

Indefinite Cash Parkers— People who were invested, got scared and cashed out all of their investments, hoping to get back in when things look more favorable. Cash is their security blanket and these are the Linus's of the investment world. Emotional comfort is hard to let go of, even if it can be proven with heaps of evidence that their desire for comfort is a cancer, killing them financially.

Market Timers— The idea of market timing sounds good in theory but it rarely works since you are dealing with all kinds of variables, many of which are emotional. Also, you have to be right, twice. It's hard enough to figure out when to cash out to miss a temporary decline and it's close to impossible to actually get back in, especially when you are trying to avoid discomfort.

Not Knowing The Purpose Of Your Investments— If you don't know the purpose of what you are doing, how can you stick with anything? This is probably the most dangerous trait. During a difficult time, if you don't know why you are investing, how is it possible to stay invested? Knowing the purpose of what one is doing is what makes people achieve the purpose. We see this in business, school grades, athletic achievement etc. Investing is no different.

How To Get Relief From Bank Deposit Sticker Shock

Those with mortgages or who have debt which they used to invest (using other people's money to make money), are enjoying these ultra

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low interest rates. The ones who like to sit on hoards of cash, are not feeling the same joy. In most cases they are getting 0.8 to 1% and it doesn't matter whether it be in a "high interest" savings account or 1 to 5 year term. The only thing you are guaranteeing with a bank deposit today is that you are definitely losing purchasing value. $100,000 was worth a lot more 5, 10 and 20 years ago. The same case will be with the cash that is languishing in a bank deposit. It will be worth less than it is today. The longer you hold, the more you will lose.

There are so many ways to get a better return than 1% and it isn't hard to do. There are hundreds of investments that are paying dividends much higher than that (5—7%). There are countless bonds that are kicking out interest that is many times higher than the 0.8%. There are many diversified investments that should easily produce higher returns and that will guarantee the safety of your principal if held for a certain period of time.

Interest rates aren't going up for the next few years at least. You can either sit idly by, earning $80 per year for every $10,000 you have in bank deposits or you can unplug your IV. You can't blame the low interest bank deposits you can only blame yourself because there are so many alternatives.

How To Invest Tax Free (When Your TFSA Is Topped Up)

You've maxed your RRSP contributions and are getting the most tax deductions you can, through it. As well, you've topped up your TFSA ($69,500 is the limit for those who were at least 18 in 2009, living in BC; it is less for those younger). This gives you tax free interest, dividends, capital gains etc. earned within the plan. "Sure Carey. But I have money outside of those and I expect to have more as time goes. I have an inheritance coming and I have more coming in than I have RRSP and TFSA contribution room for. So, what next?". Perhaps, one of Canada's longest standing tax shelters available, a "permanent" life insurance policy.

Unlike regular "term" insurance, where you pay premiums and are promised $X should you die, become sick or disabled, a permanent insurance policy has an investment component. Because the insurance component is inside the insurance policy, all the interest, dividends and capital gains you earn within it, are completely tax free.

The simply way to determine the investment effectiveness of such a policy is by looking at the "IRR" (Internal Rate Of Return). It can be as high as 1000% if you passed away within a year of starting the policy. You would have paid very little into the policy versus what was promised would be paid out. The longer term IRR would be closer to 4—6% / year. This can be a powerful way to compound money to pass on to the next generation.

6 Ways To Improve Your Credit Rating

Income is the foundation in determining how much money you can borrow. The higher your income, the more you can borrow. Everyone knows that. As well, the more assets you have accumulated, the more you can borrow. However, if you don't handle your finances well, despite being flush with income and assets, your ability to borrow can be lower than what it should be. This is where your credit rating comes in. It is the intricacies of how you handle your finances that can boost your credit rating to the top of the charts:

1) Never Let A Bill Get Past Due— This is obvious and it is the biggest factor in your credit score: paying your bills on time, no matter the amount. Even something as small as not paying a parking ticket can have a negative impact on your credit.

2) Staying Well Below Your Credit Limit— If you have a limit of $10,000 don't use more than 30%. It is better to have 3 cards and use them equally rather than use most of your credit every month (even if you pay it off fully). Personally, this is something I can do to improve my score. Cheryl and I have 1 joint personal card, that's it. We pay as much as we can on credit. We do so for "cash back" and credits toward travel etc. As well, it is the safest way to pay for things. We get close to the limit every month, pay it off, repeat. But, maybe we need 3 cards? This one I think I'll leave as is.

3) Getting Too Close To Your Limit— Ask for your limit to be increased, but only if it will not prompt you to spend more.

4) Have A Credit History— Borrowing money and paying it back shows credit worthiness. It sounds sacrilegious to a debt shunner but using credit constantly is actually good for your credit rating. If you simply use debit and cash, how is a lender to know what kind of risk you are if all your spending history is off the books, so to speak?

5) Never Let A Bill Go To Collections— Again, obvious. A bill sent to collections is often seen as a red flag for impending bankruptcy. Before you get to that, you'd want to talk to who you owe the money to see if you can negotiate a payment plan that is less difficult.

6) Be Selective About The Credit You Apply For— Applying to frequently for credit cards, loans or lines of credit has a negative impact on your credit score. Even if the card company offers you a free gift, pass on it.

Tech Gems— Edifier Speakers

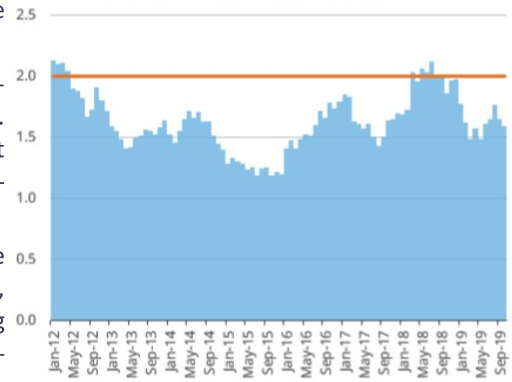
From previous writings, you may have gathered that I listen to music and am very sound focused. With more and more human interactions being virtual and more and time spent in the office, I decided to upgrade my many, many year old computer speakers. I came across a brand name I hadn't heard of much however, in digging a bit deeper the name Edifier came up often.

Rather than go my usual route of buying a Yamaha product (they don't seem to offer computer speakers), I decided to buy a pair of Edifier R1280T's from Bestbuy. Wow! For $130 these are amazing. I tend to like very crisp sound, particularly hearing the k-tS, k-tS, k-tS from hi hits on a drum kit and they produce that very nicely, not sacrificing the lower end. These are powered (active) speakers so you can hook them up to anything, although, you'll have to go with the Bluetooth enabled ones for $40 more (R1280DB) if you want to play music from your phone.

HHHMMM...

• South Korea is the first major exporting nation to release monthly trade data, providing an early gauge of international commerce. Improving planetary demand for chips, computers and cars are supporting shipments from this high-tech, industrialized and global growth-sensitive economy. Indeed, South Korean exports are growing faster now than they were before the pandemic. Invesco Blog, Nov. 2020 #PositivesRarelyReported

The Fed has consistently missed its own inflation target since 2012



• "The history of the stock market is that it goes up a lot in the long run but falls often in the short run. The falls are painful, but the gains are amazing. Put up with one and you get the other." Morgan Housel, Venture Capitalist #DiscomfortIsGood #PriceOfSuccess

• The basic assumption of MMT (Modern Monetary Theory) is seductively simple: governments should not budget like households because they can simply create their own money. Currency-issuing governments could spend as much as they need to provide full employment and other social goods. After all, the federal government never "runs out" of money. Forstrong Global, Nov. 2020 #InflationSolvesDebt

• It's difficult to imagine with the backdrop of a pandemic, but we are at the beginning of the end of the deflationary era. New investment leadership will emerge. Cyclicals and value, nearly left for dead by most investors, are starting to show life. The US stock market — long seen as the safest house in the neighborhood — is starting to falter relative to other countries. Forstrong Global, Nov. 2020 #TurningTideForValue #InflationaryFuture? #70's2.0?

• A study from Toronto-based Russell Investments Canada Ltd. has found that financial advisors deliver value at a level almost triple the typical advisory fee of 1%. The firm's 5th annual *Value of an Advisor* study pegged the value of an advisor who performs comprehensive wealth management at 2.88% in 2020. This is up from 2.79% in 2019. In 2018 Vanguard found that behavioural coaching (on its own) added 150 basis points (1.50%) in value. Investment Executive, May 2020 #MoneyBehavioralCoach

• There are many financial product manufacturers who "own distribution". They do this by owning what appear to the public to be "independent" Financial Advisor firms. One such firm has more than half of its client's investment assets ($25 Billion+) invested with the product manufacturer that owns them. Investment Executive Oct. 2020 #CaptiveSalesForce

• Average rents for a 2 bedroom apartment in Vancouver have fallen 15% since September of last year, to $2,750 / month. The average rent for a Vancouver single-family house in the 3rd quarter was down 29% from a year earlier, to $2,553. Western Investor, Oct. 2020 #IncreasingSupply=FallingPrices #Economics101

• It would be wonderful to see a situation where effectively you get a prepopulated digital tax return, which has all your income and deductions that the CRA already knows. You either sign off on it, 'yes' or 'no,' or add any additional lines that are relevant and then submit it. Already 36 countries, including Britain, Germany, Japan and the Netherlands, allow return-free tax filing for some taxpayers. In Sweden, you get a text message from the government and you simply reply back, "yes" or "no". Globe & Mail, March 2020 #TaxReturnFilingMadeEasy

• The leading causes of death in Canada in 2018 was cancer, heart disease, accidents, strokes, and chronic breathing diseases killing a total of 172,438. None of these we have cures for. The total deaths from Covid-19 is 10,261 (over 60% in Quebec) from 242,000 total cases (as of Nov. 2nd 2020). StatsCan, Nov. 2020 #Perspective&Clarity #CommonSenseCaution

• The passage of Oregon's Measure 110 means the state's residents will no longer face arrests or prison sentences for carrying small amounts of drugs like cocaine, heroin, oxycontin and methamphetamine. #AddictionVsCriminality

• Biden lost ground with Black voters and Latinos, though he gained some ground with white voters. Realignments are generally built around concrete ideas and specific policy platforms. But this campaign was always a referendum on Trump, rather than an affirmative endorsement of Biden and his agenda. Politico, Nov. 2020 #OneTermPresident?

• When half the people get the idea that they do not have to work because the other half is going to take care of them and when the other half gets the idea that it does no good to work because somebody is going to get what they work for, that is the beginning of the end of any nation. Adrian Rogers, Author #HowToKillWorkEthic

• About 20 years ago the biggest diet people were on was called the Atkins Diet. Today, we have, from what I can tell, virtually the same diet. They call it Keto. #LiveLifeInBalance

• Things that never change are the most important things to pay attention to. Change gets most of the attention, because it's exciting and surprising. But things that stay the same – how people behave, how they think, how they're persuaded – is the real meat of history. CollaborativeFund.com #HumanBehaviourPower

P.S. If you have a financial question or situation you want me to look at or give an opinion on, please let me know:

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Carey