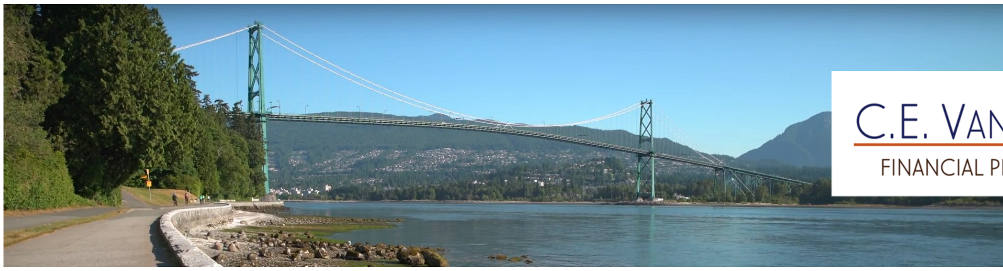

C.E. VANDENBERG & ASSOCIATES INC.
FINANCIAL PLANNING – WEALTH MANAGEMENT – INSURANCE

mutual gains

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"Things Can Only Get Better" (In 2021)

History shows that US presidents who were inaugurated in troubled times, provided market participants with very healthy investment returns. As we look forward, through 2021, uncertainty will most definitely continue. Question marks mean uncertainty and there are still so many question marks. However, there are some very big tailwinds pushing 2021 forward and into 2022.

The overriding truth is this: Betting against a recovery is a bet against science, medicine, human ingenuity and resilience. Significant progress has been made since the spring of 2020. As the 1985 song by Howard Jones goes, "Things Can Only Get Better".

Next is interest rates. They will remain low for a couple of years, at least. This encourages people to spend (by borrowing) and move money out of the cash that has been piling up in bank accounts, earning near 0%.

All that economic stimulus from governments? It will keep coming for the foreseeable future. They will err on the side of inflation. Debt will be diminished through inflation.

Today, the price of shares for most excellent businesses (aside from the biggest and most obvious) are very cheap from many measures and fundamentally look very attractive. Dividend paying companies payout 200—500% more compared to any "safe" interest paying alternatives out there. As time goes on, investors will buy up these highly attractive, undervalued assets.

Economic conditions don't need to be good for investment markets to continually move higher. They just need to be getting better. Could we be at the early stages of a Goldilocks environment? The last one like it was from 2011 to 2014. So much then, was the same as it is today; vis a vis US political power structure, interest rates and how cheap equities were compared to interest paying investments.

Owning Expensive Vs Undervalued, Today

Just over 20 years ago, near the peak of the tech bubble, a comparison was made at 1 of the portfolio management firms I worked closely with. They compared what you got investing a base sum of money in their portfolio of 47 companies versus what you got by investing in just 1 of the "hot" (expensive) companies at that time. What they compared was the price of that one hot business was vs the 47 they owned as well as the revenues and profits paid out. The discovery? The 47 companies was actually producing multiples more in revenues and profits than what that 1 "hot" company was producing, for the

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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.

(Continued from page 1)

same amount invested.

Today, that same movie is playing out, but with a different set of characters. The same portfolio management firm has 35 companies which it has chosen for our mutual clients. Compared to 3 of the "hot" companies today, here is what the comparisons look like (the orange is the portfolio of 35 undervalued companies vs the 3 hot / expensive companies of today (as of Oct. 31st 2020).

The price you have to pay to buy the 3 companies combined is approximately the same amount you can buy the 35 undervalued companies for. Despite that, the combined Revenues AND combined Net Income for the 35 undervalued companies are 5 times more than what you get with the 3 hot companies.

This kind of Earth to Pluto price discrepancy isn't seen very often. However, anytime we have seen it, the holders of the hot companies of the time are sitting at a loss for many years in the future. Investors in the undervalued companies however, see very healthy and pleasing returns for many years. We saw this playout in the early '70s, the late '90s and again, there is strong evidence it will play out, again.

Which looks the safest to you? What looks the most attractive to you? What do you hold in your portfolio? I know what I and our clients, own. PS. If you want to see the details on the 35 versus the 3, let me know.

Get A Guaranteed Return With A RRSP Contribution

Anyone who makes a RRSP contribution will confess that the decision was made 1st and foremost, to reduce their income tax. This initial driver is a good one because it automatically increases your net worth. You get a guaranteed investment return from a tax refund. Here's what I mean.

For every $1,000 you contribute to an RRSP you get back $200 to $535 on your income taxes. Thus, you will only really be spending $800 to as low as $465. This of course, depends on how much taxable income you had in 2020. In the best case scenario using $20,000, you receive a refund of $10,700 plus you will have $20,000 in your RRSP. You have turned $20,000 into $30,700 instantly and yes, guaranteed.

Of course, that is the instant gratification. The long term tax free compounding you get over a lifetime is actually the bigger power source, even taking into account all angles of the tax, both saved when you made the RRSP contribution and the amount you have to pay back, many years from now. The bottom line is this: Contribute to your RRSP now and get your guaranteed tax savings. The "feeling good" from that is real and offers much more, in the future investment growth it will give you.

Note: The deadline for the 2020 tax year is March 1st 2021. Pass "Go" by contributing to your RRSP and collect your guaranteed return.

Tax Bracket Management

One of the ways a Financial Planner ensures you pay as little tax as possible is through "Tax Bracket Management". Here are just a few of the strategy areas that can be manipulated in your favor, to reduce your income tax bill:

1) Using RRSP deductions in the proper amounts and in the best years to do so.

2) Spousal Loan to split income between spouses.

3) Acceleration of RRIF withdrawals to minimize estate taxes and or reduce or eliminate OAS clawbacks.

If none of these seems familiar to you, contact me to make sure you aren't missing a way for you to pay less tax. Let's face it. Tax is going up. Keep all you can.

The 2 Things You Must Do With A TFSA

If you run out of RRSP room, or are not allowed to contribute anymore, a TFSA is by far the next best place to deposit cash and invest for long term, tax free growth.

The first step is this: you have to contribute money to your TFSA. The next is equally as important. There really is no point in contributing to a TFSA if you don't invest your TFSA money. You must invest it. Just holding money in there isn't good enough. You have to invest it in something that will grow over time. As I mentioned in "Things Can Only Get Better", you have a once in a 20 year opportunity to do that now.

To the right is a table outlining the TFSA limit today and each year since it was introduced, in 2009. If you are in your early 30's or younger, the left table will tell you how much TFSA room you have, in total, assuming no TFSA contributions were made.

I have clients who, with maximizing their TFSA contributions and investing conservatively for growth, have TFSA accounts that range from $80,000 to well over $100,000 at the end of 2020. How does yours look? If you are nowhere near that, I'd be happy to review yours (and your whole Financial Plan, while we are at it?). Again, you only have to get the 2 things right: Contribute AND Invest. You shouldn't do the 1st if you

Year individual turned 18	Total unused contribution room in 2020	Total unused contribution room in 2021
2009 or earlier	$69,500	$75,500
2010	$64,500	$70,500
2011	$59,500	$65,500
2012	$54,500	$60,500
2013	$49,500	$55,500
2014	$44,000	$50,000
2015	$38,500	$44,500
2016	$28,500	$34,500
2017	$23,000	$29,000
2018	$17,500	$23,500
2019	$12,000	$18,000
2020	$6,000	$12,000
2021	0	$6,000

(Continued on page 3)

don't do the 2nd.

"Let Money Work For You" (Instead of Work For Money via Day Trading)

"Let Money Work For You" may seem like a trite saying. What I want to point out here though is very apropos, much like it was in the late '90s, just before the tech bubble burst. What I am referring to is "Day Trading"

The idea of Day Trading is simply to buy and sell stocks and hold them for less than a full day. In the late '90s many dropped their regular jobs to become Day Traders. Today, we are seeing the same phenomenon, which has been pushed by Covid related work shifts and government handouts. The question became, "why work a regular job?" when I can be a day trader.

First, day trading has come and gone before. It is not sustainable. Working and producing nothing or providing no real service to the public is by it's very nature, not sustainable. If nothing is produced no economic value is created. This basic economic truth will be dismissed by almost any day trader. "Look, I'm making money. It works". Yes, that may be so, but only for the moment.

Let's look at the numbers part of the equation: Will you do better if you took the money you have and simply invested it, with a professional portfolio management team, letting them take over for you so you can go out and earn a regular income? From both a short and long term perspective, for so many of those involved in Day Trading, the answer is "Yes".

All I have to do is look at the time since the pandemic hit, when the most recent contingent of Day Traders entered the investment markets. I'll use $300,000 as an example since I have a real life example I can apply to it. $300,000 conservatively invested during the spring of 2020 is now worth approximately $420,000. That $300,000 was left to the hands of investing professionals while the person who invested that $300,000 continued to earn an income. Their "regular job" income adds to the $120,000 that their "passive" investments had made. The $120,000 gain is virtually all capital gains and only 1/2 is taxable. For a Day Trader, the money they make is 100% taxable.

For a Day Trader, 1) They have to earn money for their time on top of what investing it passively would have produced. As well, , they have to pay tax on the full amount, as regular income. The Day Trader isn't making their money work for them, they are in fact, working for their money and in truth and reality, falling behind.

Your Mortgage Renewal Decisions

A 5 year fixed rate mortgage near the end of 2019 was ~2.4%. A 5 year fixed rate today is around 1.95%. The work of a Financial Planner involves pulling together the many parts of a person's financial life to ensure each piece works together, effectively. This of course, includes decisions which need to be made on a mortgage. With interest rates for mortgages dropping so much over the past several months, there is a window here; to reduce your mortgage costs (assuming you have a mortgage, that is).

A month or 2 before your mortgage term ends, the financial institution who you have your mortgage with, will send you an offer on a new mortgage. The offer may look good on the surface however, don't succumb to the urge to make a decision on simply going with what they offer you. You are in the driver's seat. The simply thing to do, when your mortgage term ends, is to have your existing mortgage be changed to a variable rate, one. This will leave you open to having a mortgage broker (with a Financial Planner at the helm), investigating what is out there. As well, you will definitely need to consider what your plans may be over the next 1, 3, 5 or more years. Could there be a possibility of a move to another home, neighbourhood or city? Your work requirements could change. Maybe, with the lower mortgage rates, you could actually buy a larger and more expensive home?

You should ask yourself lots of questions. A Financial Planner can help with that. The last thing you want to do is get locked into a new 5 year term only to be faced with a huge (thousands, if not tens of thousands of dollars) penalty to break your mortgage. If you would like some guidance on your situation, let me know.

The Final Estate Settling Step—"Passing Of Accounts"

After doing all the work an Executor does, one of the last tasks you have is to go through the "Passing Of Accounts". This is where the beneficiaries and sometimes the court, review and approve your management of the estate. In essence, it is a double check of your (the Executor's) work.

For relatively simple Estates, all you as an Executor have to do is provide a detailed description and accounting of all the Estate transactions to all the Beneficiaries. If all looks okay to them, they provide a release for the work you've done. The smoothness of this really depends on how you, as an Executor, have handled your relationship and communications with the Beneficiaries, including the integrity of your work.

The worst case scenario is that 1 or more Beneficiaries pull in a lawyer to cross-examine what you have done. A particularly contentious issue can be related to the fees you, as an Executor, are entitled to charge. Even if you are both an Executor and Beneficiary, you can charge up to 5% of the value of the Estate for your work as an Executor. In any event, keeping notes and a paper trail as to everything you did, including the time you spent on a day to day basis.

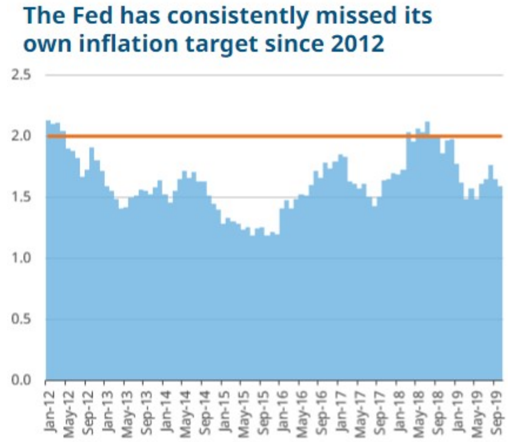
Tech Gems— Splitwise

Have you ever found yourself in a situation where you have had to split a meal, travel or living costs between multiple people? Splitwise may be the app you need. It sure beats collecting a bunch of receipts and working things out on a calculator.

My youngest son Marcus explained this to me, in how he uses it with his roommates, for splitting their various household expenses. With Splitwise you create a Group and add people to it. As these individuals spend money for the collective group or for only 1 or 2 in the group, they add that, for all the group members to see. As expenses are added and money is paid back to the various members, you have an up to date tally on how much each owes and to who they owe. Here is the best short video I found explaining how Splitwise works and how you can use it.

With the rollout of Covid inoculations, Cheryl and I are so looking forward to travelling again with friends (including mustard hating Sherry) and learning how to use an app like Splitwise will get that part figured out, well before we need it.

HHHMMM...



• The S&P/TSX Composite Index, which plunged 37% (from its highest point to its lowest), clawed its way back to post a 5.6% gain in 2020. IPC Daily Update, Jan. 2021

• Since 1985, periods with more uncertainty had higher odds of a market advance over the following year. Fidelity Investments, Nov. 2020

• "Looking at my portfolio every day made it difficult for me to detach emotionally from the short term moves in the market. Lesson? Looking less is actually helpful". Ian Tam, Director Of Investment Research, Morningstar Cda

• "Headlines... are what mislead you because bad news is always a headline and gradual improvement is not." Bill Gates #IgnoreHeadlines #NewsIsFear

S&P 500 total return around U.S. presidential elections

Election Year	President-elect's Party	3-months before	3-months after	6-months after	12-months after
2020*	?	0.4%	?	?	?
2016	R	-1.3%	7.8%	13.3%	23.7%
2012	D	3.0%	6.5%	14.5%	26.8%
2008	D	-19.0%	-16.6%	-8.4%	6.9%
2004	R	2.6%	6.0%	3.7%	9.4%
2000	R	-2.9%	-6.1%	-11.2%	-21.0%
1996	D	8.8%	9.5%	17.4%	34.5%
1992	D	-0.4%	7.2%	6.8%	13.4%
1988	R	2.9%	9.5%	13.2%	27.2%
1984	R	5.8%	7.5%	7.3%	16.7%
1980	R	5.5%	1.4%	5.7%	3.3%
Average		0.5%	3.3%	6.2%	14.1%
Positive / Total		6/10	8/10	8/10	9/10

*since July 31, 2020.

CIO Office (data via Refinitiv). NATIONAL BANK INVESTMENTS

• People are good at coming up with awesome stories (about the future). That's part of why Tesla is worth 2/3rds of a trillion dollars, and the market is at an all-time high with 10 million people unemployed. Collaborative Fund, Dec. 2020

• We have often also argued that now is a much better time to invest in REITs than in private real estate because they are offered at deep discounts to fair value. With REITs, you essentially get to buy real estate at 50 cents on the dollar, with the added benefits of professional management, diversification, and liquidity. Billionnaire Investor Bruce Flatt, CEO Brookfield Asset Management Nov. 2020 #DiscountedRealEstate

• 1 favoured method to value a business is to divide a stock's price by how much profit / share the company made over the prior 12 months. The higher the price-to-earnings (PE) ratio is, the more expensive and less attractive, the stock is. By that measure, the S&P 500 this month hit its most expensive level since late 2000, shortly after the dot-com bubble burst. Investment Executive Nov. 2020

• 1 in 8 homes sold in Hong Kong is a "nano apartment", a term used to describe any tiny home, there. These are less than 260 sq. ft which is smaller than 2 parking spaces. The city's property affordability is the worst in the world, topping other housing hot spots like Vancouver, Sydney and Los Angeles. Fortune, Jan. 2021

• On Jan. 2nd 2019, a BC Assessment Authority press release reported general declines of around 10% in property values across the Lower Mainland. The City of Vancouver saw the average assessed value for a single detached home fall 15%. Vancouver Sun, Jan. 2021 #AllPricesFluctuate

• B.C. home sales rose nearly 43% in August, year-over-year, according to the BC Real Estate Association (BCREA), but were up 55.9% in the Fraser Valley and soared 63% higher in Chilliwack to lead the entire province. Western Investor, Nov. 2020 #HomeOffices? #NoWorries

• Gastown (an area in Vancouver) has seen a score of new retailers open this year, despite the pandemic. Western Investor, Nov. 2020

• What is commonly called a hashtag (only because of Twitter, 14 years ago) used to be called a "hashmark", "number sign" or "pound sign". The original name of the # though is octothorpe. Octo meaning 8 in Latin, representing the 8 points of the #. How Thorpe was added to it is unknown. Slate, Dec. 2014

• California has continued to have one of the tightest Covid lockdown laws in the US and Florida among the most lax. Despite that, California has 96.4 cases of Covid / 100,000 people. Florida has 62.2. New York Times, Jan. 2021 #LockdownsDon'tWork

• What we've learned from social media in the last decade is that 1) information spreads fast, 2) false information spreads fastest because it's more sensational, and 3) tribal identities are heightened when debates take place online vs. in person, so healthy debate quickly descends to a my-team-versus-yours battle. Collaborative Fund, Dec. 2020

PS. Have a financial question or situation you want me to look at or give an opinion on, please let me know:

carey@careyvandenberg.com

Carey