



APRIL 2020 MARKET UPDATE

We all understand the past several weeks have been extremely trying. The virus, as well as the Saudi-Russian oil price war, have caused major declines in all global stock markets. We certainly understand how the weaker portfolio valuations are difficult to accept and challenge how we view our future financial plans and living standards. Our March portfolio statements are going to be ugly and difficult to look at. It is vital, though for us to take a deep breath and look past the current health crisis. This will pass. We will be okay. Our investments will recover.

The coronavirus has basically shut down the global economy. The double whammy for Canada is the collapse in the price of oil not only from the decline in demand from this shutdown, but also from increased supply due to the disagreement between Saudis and Russians.

The uncertainty and panic that has occurred has resulted in a sharp selloff in many assets, not just equities. Preferred shares have been beaten up, as has real estate and many commodities and currencies.

This health crisis has impacted all aspects of our lives. Our finances, our jobs, our families, our friends and neighbors are all a concern of the unknown. The stress that comes from all of these concerns negatively impacts our decision making. In reading a news article this morning, I was reminded of an old quote “stress makes us stupid”. It is important that we do not allow emotion to make short term decisions that conflict with our long-term planning.

The worst of the virus will end. We will get back to visiting family and friends. Markets do not go down forever. No one has the answer for when life will start to recover and heal. What I do know is that when the recovery and healing begin, the investment markets will have already started the rally. In taking a quote from a successful and reputable money manager when asked when the market recovery will begin? He replied: “It will be the day after the market hits bottom.” We do not know if the market has hit bottom already or whether it will go lower, but we do need to make sure we are invested appropriately for when that rally begins.

This very surreal time we are living; is not like the 2007-2009 financial crisis. The financial infrastructure remains solid. This is a health crisis. When we get a handle on this crisis, the financial markets will start to reward solid companies.

What will our society look like later this year and into 2021? What changes will occur in our views on investments and good companies that will excel going forward. We will be looking at some of these potential changes going forward and will discuss them with you. There is little doubt that changes will occur in our daily lives and chores. I suspect that there will at least be a pause in some societal developments. We will rethink the goal of having dense urban populations, and the use of mass transit systems. Over the past several years, the movement of major businesses to the coasts has sped up with the economy. Will more companies start to re-think and look to establish operations inland or in less dense population bases? And what about the big move towards re-usable shopping bags?

Again, though fear and uncertainty overwhelm many parts of our daily lives and the market, we will get through this potentially stronger than before. The media provides little relief from the parade of bad news. The media knows we watch more news coverage when the information is negative. They want us on the edge of our seat thinking that the world may end before the next commercial. We all need to disconnect from this barrage of negativity sooner.

Valerie and I understand and appreciate our responsibility to you. We will continue to focus on the goal of helping you achieve your long-term financial objectives.

On a couple of administrative topics

- 1) On March 26, the federal government brought in legislation that decreases the required minimum withdrawal amount from a RRIF by 25% for 2020. We are awaiting clarification on how this will be handled by CRA and will advise all RRIF holders when we have more information.
- 2) We suggest you closely monitor your monthly banking transactions and your credit card transactions. Hackers are taking advantage of the current situation. If you notice any unusual transactions, please follow up with either the vendor and/ or your bank or credit card carrier.
- 3) We also suggest making it a habit of downloading your month end statements for any of your banking, investments and/ or credit card to your computer or to a secure hard drive. This is especially important if you close an account. The accessibility to the information may be limited or unavailable once the account is closed or after a certain amount of time.

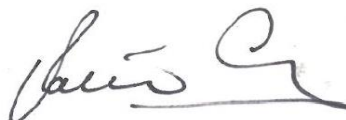
As always, remain optimistic, yet cautious.

Best regards,
CIBC Wood Gundy



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