

## 2020-03-17 Market Update

To our valued clients, in these unprecedented times, as we rally together as a country and across the globe, we hope that you and your families stay safe and healthy.

We are well aware of the uncertainty and market volatility that continues to develop in the wake of COVID-19. We are closely monitoring these events to ensure the best possible decisions are made for of each of our clients. At this time, I am here to help you make sense of this situation and how we are prepared to deal with it.

**In our office:** We are completely integrated digitally and able to work offsite with zero disruption. Currently, we are not hosting face-to-face meetings until further notice, however, you can reach us at the same office phone numbers, and where needed, we can conduct a virtual meeting via various web services.

**Portfolios:** I know you are all concerned about how deeply this will affect your investments. The good news is, your money is diversified across various economies, businesses, countries, and asset classes, to help spread your risk. You are invested in well-diversified portfolios, with asset allocation tailored to your risk tolerance and long-term investment objectives.

Our advice is to stay disciplined and remember the importance of staying committed to your long-term investment plan. I know it's difficult to remain unemotional at this time, over the last 37 years of advising my clients, I have seen many examples of how emotion can lead to some of the biggest investment mistakes. Realize that fluctuations over the last 3 weeks will happen suddenly and will confound every expert and computer; timing the recovery is simply not an option. The message is to stick to your allocations; they have been expertly designed, and over the next few years, they will help you achieve your goals.

**Recession:** You have likely heard the media talking about the possibility of a recession. As world leaders have started making difficult decisions to stop the spread of COVID-19, the result will be an impact on economic growth. In light of the inevitable economic consequences, it is important to understand the nature of this health problem. The effect on economic growth will be temporary, we have proof of this in China.

Currently, in North America, we are seeing an increase of cases. In China however, where the virus has been mostly contained, new cases are infrequent, industrial production and demand are slowly resuming and people are returning to work. (More details can be found in the link below) Based on this precedence, our conclusion is that if a recession were to occur, it would be short-lived.

What's next? Currently, there is a tug of war between virus fear and financial stimulus news, but when the fear subsides manufacturing and consumption will be restored. The world economy will then take advantage of the low-interest rates, cheap oil prices, and the stimulus packages which governments around the globe have been rolling out will continue to benefit the strengthening economy. Remember that "Quantitative Easing" (Q.E.) pulled us out of a much more severe situation in 2008.

Although, the media likes to draw comparisons between current stock market volatility and the situation in 2008, they are not the same. Financially, 2008 was a far more serious situation, and the economy is much healthier now. I am sure many of you remember working together at that time to ensure your

investments benefited from the dramatic upswing of the market over the following months and years. We can learn from 2008; only 3 of my clients at that time ignored the advice they were given; they made the mistake of moving to cash and unfortunately missed the opportunity to capitalize on the upswing of the market.

Over the last few years during our client meetings, I've been saying to many of you that we need to get to the other side of the next recession which will allow markets to reset. A market reset allows business to come down into values that are not as expensive, and for many great businesses that is happening now; your fund managers have and will be taking advantage of the opportunities.

Below is a link to a commentary on COVID-19 that relates to public health strategies and their impact on capital markets. This was co-written by Jeff Elliott and Eric Bushell. Two of the managers present in every portfolio with few exceptions.

[Signature Commentary - COVID-19: Public Health Strategies and the Capital Markets](#)

I know the upset you're feeling, but this situation will turn for the better as we have seen many times before. Remember that the biggest mistake an investor can make right now is to say, "it's different this time". Those that believe that, will end up selling their valuable investments to people who are prepared to capitalize on the fact that it is NOT.

Over the next few weeks, as the situation continues to unfold, we will keep you updated on any important information.

On behalf of the team and myself, we want to thank you for your trust and faith, we hope you take this opportunity to spend some time with your family, taking care of yourselves and your loved ones.

Sincerely,

James, Ahmed and Steve.