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Serving you during the pandemic

As we pass the 100th day of the greatest social experiment any of us has ever experienced, we thought we'd share some observations about how we at Polson Bourbonniere Derby have had to adapt, innovate, and forecast as we move through these uncertain times.

First and foremost is the impact, or lack of same, on your investments. While March saw some dramatic moves in the world's financial markets, as this is being written portfolios are down only modestly from the beginning of this year. These periods of volatility, and your reactions to them, are a good test of your risk tolerance.

In March, when the lockdown was first being discussed, our administrative team at PBD made sure working from home, with full access to trading systems, was both doable, and seamless. Except for moving some equipment to home, we were all working remotely within 24 hours. Everyone can communicate with each other, share files, and work with the Hollis systems almost as easily as before. Data safeguards make sure that working remotely doesn't compromise electronic security.

As an essential business, we occasionally visit the office, socially distant and with masks at the ready, to check on things like mail, the odd form signing, and plant watering. We are ready with all the appropriate PPE safety gear to welcome you to our office when it is safe to do so. Whether that is September, January 2021, or further into the future, remains to be seen. But there is no question that the absence of face to face contact has been the biggest drawback to this way of working.

What's inside

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We have always believed in supporting our community, and early on we recognized that the pandemic would put extra demands on all organizations that provide help. We decided to assist those charities that you, our clients, deemed worthy. 'Helping Clients Help' was a program we created to increase and focus our financial support. Your response has been outstanding, and HCH is now a permanent activity at PBD.

Finally, we can say that distance has truly disappeared. No matter where you are, we can communicate and deliver the planning experience you expect. We will be able to collaborate with the best experts in the country, even the world, and bring the results to your desktop or phone. We are excited at the prospects of personal visits as soon as possible. In the meantime, we are learning from the challenges today's world presents.

A summary of Canada's COVID-19 Economic Response Plan



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In March, governments around the world began to shut down their economies due to the COVID-19 pandemic. Around the same time, they began to take actions to support individuals and businesses. The challenge is that Canada's COVID-19 Economic Response Plan

(ERP) has over 90 programs, payments, benefits, and subsidies with new ones announced regularly.

I have gathered some the programs, payments, and benefits that might be of interest to our clients and summarized them in the tables below.¹ Should you require any additional information or want to see the entire ERP, I would recommend you visit the website or ask your PBD advisor.

As mentioned, there are additional programs aimed at various sectors of the economy such as agriculture,

Individuals/Families			
	Details	Taxable	Apply or Automatic
Canada Emergency Response Benefit (CERB)	\$2,000 every 4 weeks up to 24 weeks for eligible workers who have lost income or stopped working due to COVID-19	Yes	Apply
Increasing the Canada Child Benefit (CCB)	Extra \$300 per child	No	Automatic
Payment for Canadian certified holders of Disability Tax Credit as of June 1, 2020.	One-time payment of \$600; or \$300 for those eligible for OAS; or \$100 for those eligible for OAS and GIS.	No	Automatic
Mortgage Payment Deferral	Homeowners can contact their lender and agree to suspend or pause mortgage payments which will be added on to principal balance and must be repaid.	–	Apply
Canada Emergency Student Benefit (CESB)	\$1,250 every 4 weeks or \$2,000 to students with dependents or a disability who do not qualify for CERB or who are unable to work due to COVID-19.	Yes	Apply

Seniors

	Details	Taxable	Apply or Automatic
OAS & GIS payment	\$300 for eligible OAS recipients; additional \$200 for those eligible for GIS.	No	Automatic
Reduced required minimum withdrawals on RRIF payments	25% reduction on RRIF minimum withdrawals arranged through your PBD Advisor	Yes	Request

Business

	Details	Taxable	Apply or Automatic
Canada Emergency Wage Subsidy (CEWS)	Covers 75% of employees' wages to avoid layoffs (conditions apply)	Yes	Apply
Temporary 10% Wage Subsidy	Allows eligible employers to reduce payroll deductions required to be remitted to CRA (conditions apply)	Yes	Request through payroll
Canada Emergency Business Account (CEBA)	Provides interest-free loans up to \$40,000 to small business and not-for-profits to help with operating costs. Loan repayment before December 31, 2022 results in forgiveness of 25% (\$10,000)	Yes (forgivable amount)	Apply through banking institution or credit union.
More time to pay income taxes.	Businesses can defer payments of tax amounts owing.	—	—

fisheries, energy, travel and tourism to name a few. Many of you have sent in emails in response to our charitable donation program and the ERP has supported many charities across Canada.

As always, we will continue to provide information on various benefits, programs, and payments during our

meetings and please don't hesitate to reach out to your PBD advisor with any questions you may have.

I hope you and your families stay safe and healthy.

1 All information can be found on Canada's COVID-19 Economic Response Plan (ERP) website <https://www.canada.ca/en/department-finance/economic-response-plan.html>.



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Markets in the Time of Coronavirus

As we rolled into 2020, Global stock markets continued to gain momentum. New market highs were achieved and the bull market that began in 2009 was destined to continue.

The onset of COVID-19 was mostly ignored by Stock Markets until late February. At that time we saw four weeks of pure pandemonium as both Canada (TSX) and US (S&P500/DJIA) indices dropped nearly -35%¹. The outlook was bleak. COVID-19 seemed unstoppable and as the virus took on full steam, Markets continued to see extreme volatility as we entered unprecedented territory.

As we adapted to the “new normal” of social distancing, April arrived with a sense of calm and positivity. US Markets bounced back and achieved their best monthly return since 1987 (S&P500 +12.7% / DJIA +11%) and the best April return since 1938.² The TSX also quietly followed suit with an impressive April monthly return of 10.5%.³

By May, Global economies continued to struggle as unemployment rose. As they say, “Stock Markets don’t care if things are good or bad; they only care if things will get better or worse.” As investors piled back into Equities it became apparent that Markets had decided that things could only get better. Economies would eventually reopen and people would be able to work and make purchases again. This optimism fueled another strong month as the TSX rose over 4% and the S&P500 gained a respective 3%.⁴

At the time of this writing, Canadian and US markets have dropped -35% from peak to trough and recovered 36%. Year-to-date both major Markets are down approximately -11% which is a very impressive rebound. (Example: \$100,000 - 35% = \$65,000 x 36% = \$87,750. An all Equity portfolio would be down 11.6% or \$12,250 in 2020.)

The volatility was extreme in February/March but a sense of stability has set in. As we reinforce during our meetings, our clients all have a diversified portfolio with a blend of Stocks and Bonds. Lower Equity exposure compared to the general market provides risk control and Bonds offer a nice hedge against Equities, adding to portfolio stability. Most Bond holdings year-to-date are sitting in a positive position!

When you are watching the news remember that your portfolio was designed to give you ongoing downside protection as well as upside participation. Diversification and Asset Mix (Stocks vs Bonds) are the key components of risk control. If you’d like to review your portfolio composition and year-to-date returns against your long-term goals and objectives, your PBD advisor would love to hear from you.

1 Globe and Mail: Globe Investor.

2 Marketwatch, May 4, 2020: <https://www.google.ca/amp/s/www.marketwatch.com/amp/story/guid/C47E4DBA-8AF2-11EA-B500-29C0C34A0E28>.

3 Global News, April 30, 2020:

4 Globe and Mail, Globe Investor

<https://www.google.ca/amp/s/globalnews.ca/news/6890206/toronto-stock-exchange-april-coronavirus/amp/>

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