



## Third Quarter Update 2020

Since our last newsletter in July, there has been a significant recovery in the markets. It is important to note, however, that most markets are still down for the year.

The outlier is the broader U.S. (S&P 500) index, as it remains positive. Returns in our portfolios have been helped by the fact that since January, the Canadian dollar is down almost 4 percent compared to the U.S. greenback. Our dollar is also down compared to the Euro by roughly 7 percent, year to date. This too has helped the global and international portions of our balanced investments.

As you can see, the chart below confirms that almost all markets are down. However, with that boost from currency, along with excellent fund management, our balanced portfolios are up about 4 percent.

The unexpected rise in the markets since spring is puzzling to me. While technology companies like Amazon, Zoom, and Netflix have benefitted from the impacts of the pandemic, others have not fared well at all. Small retail businesses, restaurants and airlines are examples of businesses that are suffering and will likely continue to face major challenges.

In the United States, analysts are describing the recovery as a “K” shape as opposed to the desirable “V” shape. This underlines the fact that while some people are experiencing no financial impact from the pandemic, others are severely, and negatively, affected. Some jobs will be lost permanently.

Fortunately, in Canada we have a social safety net that softened the blow for many. Initially all levels of government worked together to mitigate the severity of the situation. People are looking to get back to “normal” but normal is just not on the horizon, even here in Alberta. A vaccine is months away. We must accept the fact that physical distancing, masks and frequent hand washing and sanitizing are here to stay.

Looking ahead, the looming American election will undoubtedly add to the volatility of the markets. To give some perspective on the long term, look at it this way: If investing were a foot race it would be a marathon, not a hundred-yard dash.

	Market	Dec 31/19	Sep 30/20	YTD
<b>Canada</b>	TSX	17062	16121	-5.52%
<b>U.S.</b>	DOW	28539	27782	-2.65%
<b>U.S.</b>	S&P 500	3231	3363	4.09%
<b>U.K.</b>	FTSE	7442	5866	-21.18%
<b>France</b>	CAC	5978	4803	-19.66%
<b>Germany</b>	DAX	13249	12761	-3.68%
<b>Japan</b>	NIKKEI	23837	23185	-2.74%
<b>Canadian \$</b>		77.96	75.07	-3.71%
<b>Oil (US\$)</b>	WTI	61.02	40.22	-34.09%
<b>Western Canadian Select</b>	WCS	38.57	29.38	-23.83%

\*\*Source: CNN Money

## Oct 2020

### Did You Know?

Canadian Thanksgiving actually pre-dates American Thanksgiving. The first official Thanksgiving was celebrated on November 6<sup>th</sup>, 1879, but Indigenous peoples have been celebrating Thanksgiving before the arrival of European settlers. It was meant to show appreciation for the bountiful harvest of the season. The first Europeans to celebrate Thanksgiving in North America was in 1578, celebrated by Sir Martin Frobisher and his crew to give thanks after their ship landed safely in present day Nunavut.

-The Canadian Encyclopedia

### Things to do While Social Distancing at Home

- Family Game night
- Dress up for Dinner
- Learn a new language
- Write a letter
- Journal
- Do A Puzzle

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# Planning Ahead

As financial advisors, we always stress the importance of an estate plan. A recent Angus Reid poll found that over half of Canadians (51%) do not have any Will at all, while a further 15% have a Will that is out of date. While we make a point to raise the issue of estate planning with our clients, following through with all the elements of an appropriate plan is the responsibility of the individual.

A lack of proper and current estate planning documents creates risk for you and your family. Without a Will, for example, you do not get a say in who receives your assets – they are distributed according to legislation. Guardians for minor children may be chosen by the courts. In some cases, families can be torn apart over inheritance disagreements where the deceased's plans were unclear or non-existent. Situations like this can be avoided with proper planning.

I have included a list of the essentials of an estate plan below with a brief explanation of each element as stated in *Solutions* magazine. Use this as a guideline or checklist to review, update, and act on your estate plan if you have not already done so.

- Will – tells the executor who should receive assets and may also name guardians for children and establish a trust to hold assets for them.
- Power of attorney for property – appoints someone to make financial decisions on your behalf if you are living but incapacitated.
- Power of attorney for personal care – appoints someone to make health care decisions if you are living but incapacitated.
- Beneficiary designations – naming beneficiaries directly, particularly on life insurance policies, registered plans and non-registered segregated fund contracts, can simplify and speed up the distribution of assets.

Creating an estate plan is a process. It is best accomplished with the help of your advisor, and both legal and accounting professionals. Their advice often reveals strategies to maximize the amounts going to beneficiaries by reducing taxes and/or probate fees.

Probate fees? Please, explain!

When the executor of an estate applies for a Will to be probated (approved by the courts), the courts assess fees based on the value of the estate. Probate fees vary across Canada – in Alberta they are relatively low as compared to Ontario, B.C., and Nova Scotia. Certain assets, such as life insurance where there is a named beneficiary, may be paid directly to beneficiaries without passing through the estate, so they are not included in the calculation of probate fees.

Many of the investment products we use have named beneficiaries. This allows those assets to pass outside of an estate and directly to the beneficiaries. Using this tool can help to make the transfer of wealth quick, and at the same time minimizes fees.

We have been involved in situations when an individual has died with no plan in place. This can create emotional turmoil for surviving family members, extra/unnecessary legal fees, and long delays in settling an estate. A little planning goes a long way to reducing the stress of handling your affairs during an already difficult time.<sup>1</sup>

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Ideas from this article are from *Solutions* Magazine, Spring 2020

**Happy Thanksgiving from all of us at Maude Financial!**  
**Stay safe**