



Normally in this space our investment management team presents its commentary on market conditions, but these times are anything but normal. Because of the market impact of the Covid-19 outbreak, we have been issuing investment management commentary to our clients on almost a weekly basis. As a result, we thought it was important in this issue of our quarterly newsletter to comment on the broader topic of how we as an organization have been managing through this tumultuous period.

## MANAGING THROUGH THE VIRUS OUTBREAK



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President

Within a very short time span and with little warning, the Covid-19 pandemic has turned our world upside down. Societies across the globe have been forced to take unprecedented actions to combat this lethal virus that is so readily transmitted from one person to another. In an attempt to gain control over the disease and minimize its devastation, we have restricted travel, shut down all but essential services, implemented “social distancing” and introduced safety measures to protect workers

and the buying public in the course of carrying out day-to-day activities such as grocery shopping that until this point in our lives were so routine. The impact of the virus on the health care system, industry, governments and the general public has been enormous and in some cases devastating.

When a crisis strikes, we are all called upon to “manage” – to accept what is real and determine very quickly how to adapt and achieve our goals – or, as the Oxford Dictionary suggests, “*succeed in surviving or in achieving something despite difficult circumstances.*” In this article, I comment on the managing we all must do as individuals and society, including the steps we are taking at IAIC in managing our own team and your investments. I conclude the article with thoughts on how, with effective leadership and management, we can emerge from this crisis and resume what until now has been “normal life.”

### Managing through the Fog

A mentor used to tell me that there are times in our lives when we are forced to “manage through the fog,” when we are compelled to chart a course forward even though we can’t see exactly where we are heading or what dangers lay ahead – or how long it will take for the fog to clear. We need to accept the difficulties of doing so, lower our expectations and stay calm. We must communicate more than we usually do, sharing, evaluating and acting on the few pieces of valuable information that present themselves – ready to adapt and change course as circumstances require. My mentor’s advice could not be more relevant than in the circumstances in which we now find ourselves.

First off, and perhaps most importantly, we must manage our own emotions – and the virus outbreak can evoke so many potentially damaging emotions: fear, frustration, heartbreak, anxiety, anger, disengagement, loneliness... These emotions cause stress, which if left to its own devices is harmful to our physical and mental health. We all must find ways to manage those emotions – my personal starting point is to be grateful for all that we still have, including family, friends and the essentials for life – water, food, power, communications, transportation and, of course, health care. Job One for us as a society is to protect those essentials of life from the impact of the virus. We need to protect those on the front lines and those in the supply chain who support them.

Our government and health care leaders must help us manage supply versus demand – supply of health care providers, protective gear, equipment, medications and facilities, versus the demand on the health care system from exponential growth of patients suffering from an easily transmitted and deadly virus. The medical community

## MANAGING THROUGH THE VIRUS OUTBREAK (CONT'D)

needs to manage the development and distribution of testing tools that are accurate, cheap and made available to the general public, while at the same time managing the research into effective anti-viral treatments and, ultimately, vaccines. In the meantime, we manage our own behaviours through social distancing to reduce or at least delay the demands on the health care system.

Business leaders must manage the sudden impact of huge fluctuations in demand for their services. Some businesses – the tourism industry, for example - have seen demand for their product or service disappear overnight, while others – cleaning products, food and health product supply chains, etc. – are managing tremendous increases in demand at a time when most of their employees would prefer to stay at home.

And of course families are managing being home together 24/7 with schools closed and little ability to engage the kids in activities outside the home. Family members may experience job loss and financial challenges. Government funding programs have been introduced to provide financial assistance to individuals and businesses experiencing financial hardship due to the virus outbreak.

### **Managing Our IAIC Team**

Unlike the experience in many other essential industries, our team members can work productively from home, helping to keep them virus-free and able to support our clients. We are fortunate at IAIC that moving to a “work-from-home” environment was possible and relatively easy for us. Almost half of our 42 team members across Ontario regularly work from home offices and have done so for years. Almost all our team members had worked from home at least once before the virus outbreak. And because so many of our people are geographically separated, we have been regular users of video conferencing tools for years.

The biggest change for us has been that we are no longer able to meet in person with our clients and the financial planners and accountants we collaborate with to serve those clients. Phone or video meetings must suffice for the time being.

Most importantly, we have a talented and experienced team that embraces challenge, change and serving our clients through difficult market conditions.

### **Managing Your Investments**

It is difficult as an investor to watch the value of your investments fall 10%, then 15%, then 20%... I'm an investor, too. I was an IAIC client for more than a year before joining the team at IAIC in 2011. I have an account similar to yours if you are invested in our balanced portfolio.

Our investment management team designs portfolios for our clients

that it believes will weather market downturns. That doesn't mean the portfolios won't decline in value during downturns, but rather we believe that the companies we've invested in for you have the best chance of coming through a downturn in good shape and will rebound fully once we emerge from the difficult times.

An important role that we play during difficult market conditions is to help our clients stay calm and trust that we will all make it through the current crisis and the markets will return to normal. In order to help you through this difficult period we have increased our client communications by producing written commentary on roughly a weekly basis and conducting countless one-on-one meetings with clients by phone or video. In the background, our team continues to update the valuation work it does on the investments we've selected for our clients to assess what actions need to be taken in each of our clients' accounts. Where possible and suitable for the client, our investment team is using its analytical practices to identify additional investment opportunities that do not present themselves in more typical market conditions.

### **The “Off Ramp” and the Future**

We all wonder how and when we'll get past this pandemic and resume our normal lives. We even wonder if life will ever be the same now that we're so much more conscious of spreading a virus. Surely we will look at some things differently as a result of this crisis.

We don't know when we will make it through the “fog” and arrive at the off ramp, but until then we need to manage ourselves so that we can maintain our essential services throughout the virus outbreak. The off ramp from continued fatalities, social distancing and economic shutdown will include the development and distribution of a widely accessible and quick testing process and the production of antivirals and, ultimately, vaccines. These results will not come accidentally. They will result from effective leadership and direction of know-how from around the world. It feels like the key leaders in the world have been slow off the mark so far, but hopefully now that we are gaining a greater understanding of what we're up against, they will rise to the occasion.

Economically, we may be facing a short, but deep recession. The timing and speed of economic recovery will depend largely on the virus itself and how societies react and adapt to whatever the “new normal” becomes after the virus is controlled.

This virus is proving to be especially challenging to the medical community, government leaders, industry and society at large. We will make mistakes along the way, but with effective leadership, management and ingenuity, mixed in with ample helpings of human kindness and generosity, we will make our way through this formidable test and emerge smarter and better prepared for the next one.

# THE 'REAL' BENEFITS OF FINANCIAL PLANNING

You've probably heard both the terms 'financial plan' and 'financial planning' over the years, and maybe you've wondered if they are the same thing. The answer, unfortunately, can be all over the map.

Financial Planning advice is broadly offered in Canada and, not surprisingly, the form and scope of this planning also varies substantially. At IAIC, our core belief is that the integration of accounting, financial planning and investment management allows us to seek out the best opportunities for you, and make adjustments to ensure your financial situation is clear, stable and focused. Working in partnership with your trusted accountant and wealth manager allows us to have a coordinated insight into your financial life, allowing us to better tailor solutions for your planning needs.

While the financial plan is a document that provides you with 'proof' of whether you are on track to achieve your life goals, the actual process of financial planning provides you with much more than just the binder full of information. Here are 6 key benefits clients receive from working with a knowledgeable financial planner:

- ◆ Organization
- ◆ Accountability
- ◆ Objectivity
- ◆ Proactivity
- ◆ Education
- ◆ Partnership

**Organization** – We help you to organize your financial situation both in big picture areas of investments, insurance, estate planning and taxes, and also helping you to understand details regarding your personal and corporate cash flow and where the money goes each year. Understanding and clarity in these areas assist you in getting your financial house in order.

**Accountability** – We help ensure you follow through on important financial commitments, by prioritizing your goals and planning recommendations in order of importance, explaining the steps you need to take, and then regularly reviewing your progress to give you the best chance for financial success.

**Objectivity** – We bring knowledge and insights from an outside viewpoint to help ensure you don't allow emotions to drive you in the wrong direction when you are making important financial decisions. We are available to assist you through the decision-making process at key times in your life, ensuring you have all the information you need to make informed decisions. At the same time, it is our obligation to identify and disclose any potential conflicts of interest we might have in the course of our services.

**Proactivity** – We work with you on an ongoing basis to address unexpected and anticipated transitions in your life, and help you to be financially prepared for them. By regularly assessing

actual and potential life-changing events, we can determine the potential impact on your financial future and help create an action plan to make necessary adjustments.

**Education** – We will investigate what specific information you will require to be successful from a financial standpoint. By thoroughly understanding your situation, we can identify and provide the resources to help you make sound decisions, and can explain all viable options along with the specific risks and rewards associated with each choice.

**Partnership** – We will attempt to help you achieve and live your best life, and work with you to help make this possible. We take the time to learn your background, philosophy, needs and objectives, so that we can work in collaboration with your accountant and your investment advisor (with your approval), and offer transparency around our costs and compensation arrangements.

If this sounds compelling to you, and you need assistance with your overall financial well-being, it's as easy as reaching out to your trusted accountant, or wealth management professional to get the ball rolling.



Steve Rapson  
CFP

Senior Financial  
Planner



## HOW THE MARKETS PERFORMED



Jordan Carter, CIM  
Advising  
Representative

The first quarter of 2020 saw substantial losses in equity markets across the globe. The decline began early in the year for international markets, with markets in North America following after reaching their highs in February. From the highs, each geographic region saw a fall of greater than 20% during the first three months of the year. The US and International markets returned -11.7% and -15.2% respectively in Canadian dollars, helped by a strengthening US dollar during the quarter. With Central Banks moving to support economies, interest rates were taken down towards historic lows and bringing preferred shares down as well, with many within the index having their distributions tied to interest rates.

Key Indicators		Mar-20	
90 Day Tbill		0.21%	
CPI (Y/Y) (Aug)		2.2%	
\$U/\$C		\$0.77	
Major Market Returns		3 Month Total Return	12 Month Total Return
S&P/TSX Composite		-20.9%	-14.2%
S&P/TSX Preferred Share		-22.8%	-21.0%
S&P 500 Composite (C\$)		-11.7%	-0.9%
MSCI EAFE (C\$)		-15.2%	-8.3%
IAIC Equity Sector Benchmarks			
Consumer		-21.8%	-22.6%
Financial		-21.9%	-16.6%
Utilities		-7.8%	-1.8%
Industrial		-11.1%	3.8%
Resource		-28.9%	-23.3%

## YOUR IAIC QUARTERLY STATEMENT IS NOW ACCESSIBLE THROUGH THE IAIC CLIENT PORTAL

### SIGN-UP FOR ESTATEMENTS NOW AND HELP REDUCE OUR CARBON FOOTPRINT

Benefits of electronic statement delivery:

- ◆ Environmentally friendly.....no paper. IAIC has already reduced our paper usage by 24,000 sheets
- ◆ Receive your statement sooner. We will send you an email to let you know when your statement is ready
- ◆ More secure delivery verses an envelope in your home mailbox
- ◆ Easier to organize and save electronic copies compared to paper statements



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