



Happy New Year! and Welcome to 2021! ... Goodbye 2020!

As is our tradition, in lieu of New Year cards or gifts, we have made charitable donations in your honour. We set aside a percentage of all fees each year and through the years this tradition has resulted in over \$420,000 of donations. The vast majority of these donations have gone to saving lives, taking care of the sick, feeding the hungry and medical research.

We thank you for your trust and confidence. We take these very seriously, and they inspire us to focus on continuously improving what we do for you.

If you have any suggestions we would love to hear from you.

Important Topic: “My Account” with the CRA

If you have not done so yet, I recommend that you register with the My Account service provided by the CRA.

Once registered you can use this portal to:

- Check TFSA and RRSP contribution limits
- Obtain copies of past Notice of Assessments
- View the status of your tax return
- View Tax information slips per tax year
- Set up direct deposit and update related information
- Get the account balance and statement of your account
- View past letters sent to you by the CRA
- View benefit and credit payments
- Get a proof of income statement
- .. and more ...

To register you will need you:

- Social Insurance Number
- Date of Birth
- Zip Code
- A specific number that appears on your latest tax return (have last year’s return with you)



Note: As all of this information appears on your last tax filing, it is easiest to register with that in hand.

You can register at:

<https://www.canada.ca/en/revenue-agency/services/e-services/e-services-individuals/account-individuals.html>



Market Update – December 2020

December was a positive month with most asset categories posting gains. Following November's incredibly positive month, the year has ended with a very impressive reversal of fortune.

What a year it was! After falling considerably in March, the markets staged a very impressive rally to regain most if not all of what it had lost by the end of October. In short, the expectations of a global economic collapse did not come to pass and (as always, but always forgotten) people adapted to the new reality, helped considerably by government stimulus and historically low interest rates. By November 1 most portfolios were flat or slightly positive. Then the announcement of COVID-19 vaccines (and the passing of the US election) triggered the markets to rewrite their view of the future, and share prices around the world surged.

The question everyone is asking is what will happen in 2021?

As anyone who has read previous month-end letters knows, I put little to no value in predictions. It seems obvious to me that prophecy has died, and a prediction turning

into truth is due to luck. With thousands of prognosticators, a few will get it right. But not only do we not know who, but one should never expect that such luck will fall on the same prognosticator next year. Those few who got lucky twice in their lifetime are presented in the media as modern-day prophets. Please remember this when you next go to click on a link touting someone who "correctly predicted that last two crashes".

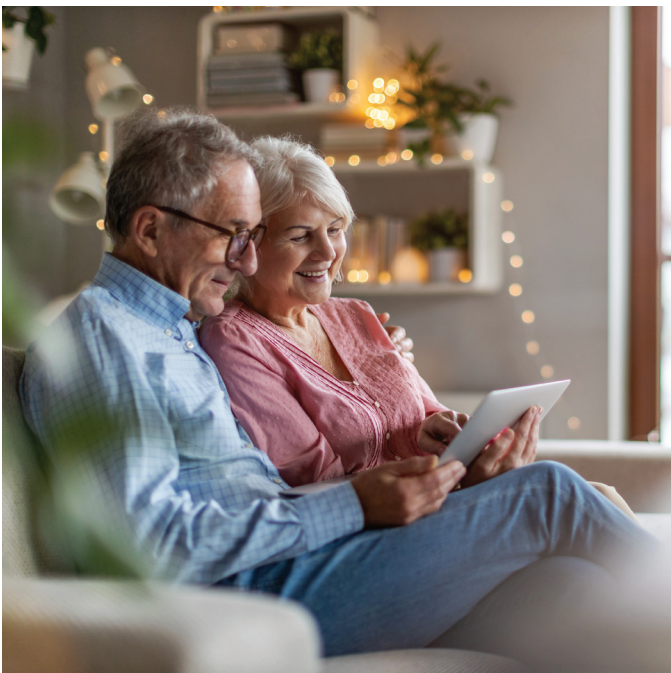
Importantly, and this is worth contemplation, even if one accurately predicts future events this may not translate into the expected market movements. I remember working in Mergers & Acquisitions when I was an investment banker in New York. I was shown "insider information". In these cases I actually knew what was going to be announced, I knew the future. But too many times the markets reacted in the opposite way than I expected. In other words, if it was legal for me to trade on insider information, I would have lost money.

Predicting market movements is much more complex than weather forecasting .. and they are still working on that.

If there was ever a sequence of events that should convince everyone of this, it was 2020.

Investing is hard. I read one veteran investor claim that it is harder than qualifying for the Olympics. There are so many factors, all of which are constantly changing, that it becomes impossible to build a model, impossible to predict what will happen.

So where does this leave us? First, we need to take investing seriously. Speculation, rumours, tips and even gut instinct need to be put aside (or limited to a small percentage of one's portfolio). Second, we need to find opportunities that not only have a high potential of success, competitive advantages, strong financial health, and much more, but also, and importantly, have people who respect how quickly things can change take charge, those who would spend time thinking





about and planning for change and build a team of like-minded competent people who will challenge and question each other.

Looking forward, we believe the economy is in decent shape, earnings continue to recover, political uncertainty has waned, volatility remains high, inflation remains benign and interest rates remain very low. In short, while it is impossible to assume that things will remain constant, things should be just fine.

We remain neutral to positive in the short term, and positive in the medium and long term. We continue to hold our positions and invest cautiously.

For the Quarter, the bond market was up 0.9%, the Canadian market was up 7.7%, the US market was up 11.5%, International markets were up 14.9%, the Emerging markets were up 12.2%, the Real Estate market was up 13.5% and the preferred market was up 6.6%. (Reuters 12/31/20)

For 2020, the bond market is up 8.6%, the Canadian market is up 5.0%, the US market is up 15.6%, International markets are up 6.2%, the Emerging markets are up 16.9%, the Real Estate market is down 9.8% and the preferred market is up 4.7%. (Reuters 12/31/20)

Have a great month and let us know if there is anything we can do for you,

- Meir

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