March 12, 2020

Good Afternoon Everyone,

We want to take a moment to update you on our thoughts related to the coronavirus and its impact on the financial markets, and, ultimately, on your personal financial situation. Going into this New Year, many stock markets around the world were trading near all-time highs including major indexes in the US, Canada, UK, and Australia. In fact, since the end of The Great Recession in 2009, many stock markets around the world have seen a doubling or tripling in price. Of course, markets don't go up forever. Sometimes, they just flat line for a while as company earnings catch up with stock price valuations. Other times, they see violent drops that make big headlines, like the "Black Monday" stock market crash on October 19, 1987 that was felt around the world. Today, the coronavirus is triggering a steep stock market sell off around the world. As of this writing, major market indexes in the US, Europe, Japan, and Australia are down 20% or more from recent all-time highs. Top investor Warren Buffet famously wrote, "It's only when the tide goes out that you learn who's been swimming naked." Well, the tide is going out. The good news is, as stewards of your financial well-being, we prepare for situations like this even though we never know what may trigger them.

Three Keys

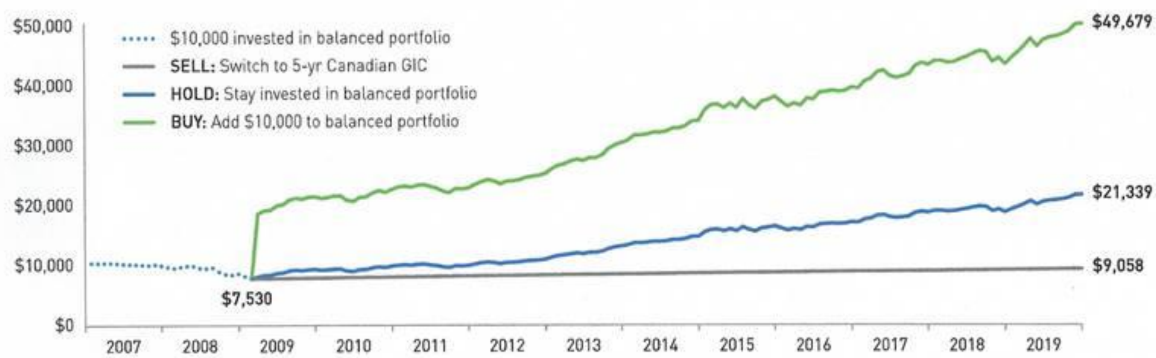
Here are three keys we'd like you to keep in mind as we work through the unfolding virus situation and its impact on you and your financial situation.

1. Fear is a natural reaction. We're human and as humans, we're hardwired to react to situations that threaten us. In this situation, we have a double whammy of fear. There's the virus that can cause us bodily harm and the market reaction that can cause us financial loss. Related to the virus, nobody knows how bad the situation will get. All we can do is take appropriate precautions and trust that researchers will find a way to eradicate it sooner rather than later. By contrast, your reaction to the financial markets is something within your control. We know it's no fun seeing your portfolio drop. But we also know market volatility is normal and expected. **The key is to zoom out and look at the long-term big picture.** Your investments are designed to support your long-term objectives, not today's needs. And just like in farming, where we know there will be some lean years when Mother Nature doesn't cooperate and other years when there's a bumper crop, the financial markets are similar. Financial markets react to shocks to the system and we are seeing one now. In situations like this, our job is to bring perspective, to help you see that swift market drops are not unusual. And yes, the headlines are scary and they can bring our "fear" instincts to the surface. We believe the best response is to acknowledge what you're feeling, reach out to us if that would be helpful, and have confidence that the decision-makers linked to your investments are on top of the situation.

The "bear market decision" chart below offers perspective on the recovery from the 2008/09 financial crisis, and what might have happened if an investor had traded their portfolio for the safety of a GIC, stayed invested, or invested more at the bottom. This graphic illustrates how selling into a panic situation can have serious long-term consequences on investment success, and that sometimes simply staying invested makes all the difference.

BEAR MARKET DECISION FOR THE BALANCED INVESTOR

NEI



What this chart shows

If you invested $10,000 in a balanced portfolio at the start of 2007, by March 2009, the month global stocks hit bottom after the financial crisis, your investment was worth $7,530 – a drop of nearly 25%. If you threw in the towel at that point and invested your remaining money in a 5-year GIC (not knowing of course that it was the bottom), 11 years later you'd still be looking at a loss. If you'd simply stayed invested, you would have more than doubled your money. If you had *added* $10,000, you would have earned roughly 2.5 times your total invested capital. (Chart notes are on the following page.)

The bottom line

It's impossible to know when the market is at a top or a bottom. But we *do* know that selling your investments after a steep loss can have a significant negative impact on your financial future. In other words: don't lose twice.

2. We are also closely following the situation and will make adjustments as warranted. Sometimes, situations like this create opportunities for you. For example, as prices drop, we may have an opportunity to "rebalance" your portfolio and shift your asset allocation. This means we might be able to "sell one thing and buy another" as a way to get your portfolio back to a desired mix that is most appropriate for you. Furthermore, risk mitigation strategies have been built into your portfolio based on your objectives and risk tolerance.

3. Be prepared emotionally for more volatility. In today's financial markets, many trades are triggered automatically by algorithmically driven computers. Once certain "technical levels" are reached, these computers, often run by large hedge funds, start selling (or buying) indiscriminately. And many of them are programmed to "trigger" based on the same technical levels. This "piling on" can lead to very eye-popping volatility - both on the downside and upside. And keep in mind that in the short term, market movements can be heavily influenced by fear and computerized trading, while in the long term, they tend to reflect broader-based economic trends. As investors, the challenge is to not let the difficulties of the short term prevent us from reaping the potential benefits of sound, long-term investing.

As we shared in our Monthly Newsletter yesterday, and to reference Warren Buffett again, he acquired his wealth by following a very simple rule during times of market volatility: *"Be fearful when others are greedy, and be greedy when others are fearful."* It's easy to forget that the world has been in similar situations before. **History has rewarded investors that stick to their long term strategies because times of short-lived financial stress have never permanently prevented the world economy from advancing to new highs.** In fact, looking back over the past nine decades, investors around the world have witnessed global economic challenges no less than 85 times - and the world kept turning. Don't remember any of these events? Check out the list of "global economic challenges" that have occurred during the past 85+ years.

"I DON'T WANT TO
INVEST MY MONEY NOW
BECAUSE..."

Decade	Year*	DJIA	Event
1930's	1934	104	Great Depression
	1935	144	Economy still struggling
	1936	180	Spanish Civil War
	1937	121	Recession
	1938	155	War imminent in Europe, Asia
	1939	150	War in Europe
1940's	1940	131	France falls
	1941	111	Pearl Harbor
	1942	119	War-time price controls
	1943	136	Industry mobilizes
	1944	152	Consumer goods shortage
	1945	193	Post-war recession predicted
	1946	177	Dow tops 200 - "market too high"
	1947	181	Cold War begins
	1948	177	Berlin Blockade
	1949	200	USSR explodes atomic bomb
1950's	1950	235	Korean War
	1951	269	Excess Profits Tax
	1952	292	U.S. seizes steel mills
	1953	281	USSR explodes hydrogen bomb
	1954	330	Dow tops 300 - "market too high"
	1955	485	Eisenhower has heart attack
	1956	499	Suez Canal crisis
	1957	436	USSR launches Sputnik
	1958	584	Recession
	1959	679	Castro takes over Cuba
1960's	1960	616	USSR downs U-2 spy plane
	1961	731	Berlin Wall erected
	1962	652	Cuban Missile Crisis
	1963	763	JFK assassinated
	1964	874	Gulf of Tonkin Incident
	1965	969	Civil rights marches
	1966	786	Vietnam War escalates
	1967	905	Newark race riots
	1968	944	USS Pueblo seized - "market too high"
	1969	800	Money tightens, market falls
1970's	1970	839	Conflict spreads to Cambodia
	1971	890	Wage & price freeze
	1972	1020	Largest trade deficit in U.S. history
	1973	851	Energy crisis
	1974	616	Steepest market drop in 40 years
	1975	852	Clouded economic prospects
	1976	1005	Economy slowly recovers
	1977	830	Market slumps
	1978	805	Interest rates rise
	1979	839	Oil skyrockets, 10%+ unemployment

Decade	Year*	DJIA	Event
1980's	1980	964	Interest rates hit all-time high
	1981	875	Deep recession begins, Reagan shot
	1982	1047	Worst recession in 40 years, debt crisis
	1983	1259	Market hits record - "market too high"
	1984	1212	Record U.S. federal deficits
	1985	1547	Economic growth slows
	1986	1896	Dow nears 2000 - "market too high"
	1987	1939	The Crash - Black Monday
	1988	2169	Fear of recession
	1989	2753	Junk bond collapse
1990's	1990	2634	Gulf War, worst market decline in 16 years
	1991	3169	Recession, "market too high"
	1992	3301	Elections, market flat
	1993	3754	Businesses continue restructuring
	1994	3834	Interest rates are going up
	1995	5117	"The market is too high"
	1996	6448	Fear of inflation
	1997	7908	"Irrational Exuberance"
	1998	9374	Asia Crisis
	1999	11497	Y2K
2000's	2000	10787	Technology Correction
	2001	10021	Recession, World Trade Center attack
	2002	8342	Corporate Accounting Scandals
	2003	10454	War in Iraq
	2004	10783	U.S. has massive trade and budget deficits
	2005	10718	Record oil & gas prices
	2006	12463	Housing bubble bursts
	2007	13265	Sub-prime mortgage crisis
	2008	8776	Banking and credit crisis
	2009	10428	Recession, "credit crunch"
2010's	2010	11578	Sovereign debt crisis
	2011	12218	Eurozone crisis
	2012	13104	U.S. fiscal cliff
	2013	16577	Federal Reserve to "taper" stimulus
	2014	17823	Oil prices plunge
	2015	17425	Chinese stock market sell-off
	2016	19763	Brexit, U.S. presidential election
	2017	24719	Stocks at record highs; bitcoin mania
	2018	23327	Trade wars, rising interest rates
	2019	28538	Trade war escalation, stocks at record highs

Source: DJIA – Dow Jones Industrial Average
* Dec. 31 close

CI Investments

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How can Warren Buffett have confidence in the future? Because he has lived through more ups and downs in the investment markets than most other people alive today - and he has an unshakable faith in human ingenuity to solve complex problems. The bottom line is that while investing isn't always easy...it is simple. Ignoring the inevitable market ups and downs that occur over the years, owning a collection of great companies (either individually or via an investment fund) can be a great way to achieve financial success as long as an investor is patient and committed to a long term financial strategy.

Volatility is not calamity, nor is it enough of a reason to cut your losses and run for cover. While the circumstances driving stocks lower this time around may be different than in prior instances—and harder to grasp as a result—there's every chance that the current market correction will end in the same way that others have before it: With a rebound in prices that eventually leads to market gains and new all-time highs.

We believe your "older" self will thank you for remaining disciplined and grounded in knowledge, not fear, as we once again weather not our first…nor our last…investment storm.

Here to Help

Your financial well-being is our number one objective. We continue to work hard behind the scenes to monitor this unfolding situation and recommend actions as appropriate. If you have any questions about your specific situation, please contact us. We are here to help. If you are not registered for our E-Newsletter, please click here to subscribe.

Thank you for your continued trust and confidence.

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