



STANLEY GORDON FINANCIAL MANAGEMENT

ANNUITIES ♦ RISK MANAGEMENT ♦ PRIVATE INVESTMENT MANAGEMENT ♦ BANKING



2020 Letter to Clients & Partners

Wealth Management Principles & Strategies

March 1, 2021.

A Performance Review of Underlying Businesses
In Designated Portfolios

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“Just the discipline of having to put your thoughts in order with somebody else is a very useful thing.”

Charles Munger, Vice-Chairman,
Berkshire Hathaway

To Clients, Friends & Partners,

I HOPE THIS LETTER finds you, your families, your friends & colleagues all in good health. Just over a year ago at this time, we were making plans and going about our normal routines. Then, the Corona 19 virus spread and took hold. We still find ourselves battling the second wave of a global pandemic, concerned about more contagious, mutated strains.

In the province of BC, **72,750** cases - roughly 1.44% of the population have been reported and to date, 1,288 persons, (about 2.58% of those infected) have died.¹ In Alberta, **129,000** cases have been reported and 1,782 (about 1.4% of those infected) have died. In Saskatchewan, **26,550** cases have been reported and 354 persons (about 1.33% of those infected) have perished. My thoughts are with those families.

South of the border, some **27,700,000** cases have been reported (about 8.5% of their population) and over **500,000** deaths have been attributed to the Corona 19 Virus.

According to the World Health Organization, 109 million people have been infected worldwide and roughly 2,410,000 (about 2.2%) have died because of the illness.

Amidst this pandemic:

- The province of BC held an election and re-elected a majority NDP government.
- The Canadian Prime Minister asked us for “patience and understanding” while 6 self-appointed elders from a band in the Bulkley Valley (where?) shut down pipeline construction, supply routes and the rest of the country.
- Trudeau’s minority government withstood a “non-confidence vote,” and survived the WE scandal - at least better than the Kielburger brothers did.
- The Minister of Finance resigned in August and the federal government failed to table a budget for the year. All the while, they continued to throw countless taxpayer’s dollars at poorly-conceived and implemented “Covid” programs.
- Trudeau has assured Canadians that during the pandemic, his government is “there for us.” Kumbaya is official government policy. Moonbeams rule.
- In the United States, the President was impeached in the House of Representatives then, a trial was thwarted by the Senate Majority leader.

¹ I suspect the percentage of deaths in BC is higher because of an older demographic who are more susceptible to the COVID symptoms.

- As is their tradition, the U.S. held an election in November. The incumbent party lost the Senate, failed to win the House of Representatives and the incumbent President lost the White House by 7,000,000 votes to former Vice-President Joe Biden.
- After losing the election, the incumbent maintained the election was “stolen,” and “rigged,” etc. Then, he was taped pressuring a Georgia state election official to add 11,000 plus votes to his vote count. And, on January 6th, 2021, he encouraged his followers to storm the capital buildings while electoral college votes were certified.

Other noteworthy world events occurred in 2020, including:

- On Thursday, November 19th, 2020, the **Regional Comprehensive Economic Partnership (RCEP)**, went into effect. This trade agreement created the world’s largest trading bloc. The RCEP makes up nearly a third of the world’s population and accounts for 29% of global gross domestic product. It’s bigger than NAFTA and the European Union and it is made up of 10 Southeast Asian countries, in addition to South Korea, China, Japan, Australia and New Zealand.
- China continued to exert greater influence upon global affairs - taking harder lines against: Hong Kong protestors and dissidents; Taiwan; and the Uighur minority
- In December, Russia launched another systematic “hack attack” upon the U.S. government, accessing classified files in the Justice, State, Treasury, Energy and Commerce departments.

“*May you live in interesting times*” is an expression often cited when times are uncertain. Clearly, we have... we do. And, despite all the trouble in the world, us optimists establish and review our goals and objectives, believing in a better future for us and our progeny.

Against that backdrop, here is how our holdings performed during the 2020 calendar year:²

	2020	2019	2018	2017	2016	2015
RBC Dividend Fund	-2.32%	17.59%	-9.17%	7.01%	18.73%	-7.89%
IA Dividend Fund	-2.04%	18.08%	-7.92%	6.69%	17.72%	-4.65%
MFC Ideal Dividend Fund	-0.64%	20.28%	-9.26%	7.07%	9.97%	-2.28%
S&PTSX Composite Index	2.17%	19.13%	-11.64%	6.03%	17.51%	-11.51%

IA Real Estate Income Fund	-10.11%	16.67%	1.00%	6.45%	12.33%	-1.52%
S&PTSX Capped REIT Index	-13.08%	22.79%	6.32%	9.85%	17.63%	-4.65%

² Performance figures are always reported “after fees.”

Over the past 5 & 10 years, our “funds” have grown and compounded at the following rates:

	5 yr	10 yr	From Inception
RBC Dividend Fund	7.28%	6.92%	7.9%
IA Dividend Fund	5.50%	4.81%	4.7%
MFC Ideal Dividend Fund	3.00%	5.4%	6.3%
IA Real Estate Income Fund	4.80%	5.4%	7.5%
S&PTSX Composite Index	3.50%	2.11%	-

Of course, your personal performance numbers aren’t necessarily reflected in the calendar year returns. Business results don’t always line up with gyrating constellations. In aggregate, client’s long term (10 yr) assets have grown between 6.03% - 13.4%.³

South of the border, the S&P 500 Index (below) began the 2010 decade at **1,286.12**. That was still down 17.6% off the previous high set in September 2007 at **1,526** and the index was still recovering from the 2008 Sub-Prime Financial Crisis. During the 2010s decade, the (U.S.) S&P 500 rose to a height of **3,732.04**, growing 144% and compounding at an impressive **11.24%** per year. That figure does not include currency gains that were to be had as the Canadian dollar’s value declined against the U.S. greenback.

I have reason to believe the U.S. market it is overvalued, but more on that in a bit.



Canada’s markets were not quite as buoyant. The TSX S&P Index (the Toronto Exchange) started the decade at **14,136.5** and only grew 24%, compounding at **2.11%** over the decade. Much of that lacklustre performance was due to the contraction in the energy/oil & gas sector. Even though the hit has been severe and prolonged, I believe at current prices, opportunities abound and there is room for optimism.

³ A difficult number to quantify. Clients have different needs, goals, objectives, etc.



Provided we can elect some pragmatic policy makers, I believe good times will return to our country. However, I expect strong headwinds in the U.S. There too, opportunities will emerge for those exercising caution, patience, and discipline. Please moderate expectations.

It's Just Business...

Performance is important and it is often a “selling feature” for financial planners & industry professionals. But the real opportunity and value proposition is the long-term pro-rata ownership of a portfolio of excellent businesses and properties.⁴ Businesses with superior economics and strategically located properties will grow & compound their earnings (profits) over time. When they do, shareholders & unitholders benefit as the value of the underlying companies and partnerships - become more valuable.

As you review your year-end statements, I hope you see yourself as a bona fide business owner/partner and the contracts where those businesses are held are simply a medium for holding those assets. Your contracts include some noteworthy advantages, including capital guarantees, estate planning benefits - appointing beneficiaries, by-passing probate. And, they have a degree of creditor protection not afforded any other asset class. Those features are designed to help us sleep at night - especially during a pandemic.

Since our efforts to reach our financial goals are tied to the success of the underlying businesses, it makes sense to monitor their operations and gage their success. Listed below are some of our top business holdings, their revenues, earnings, earnings as a % of revenues (i.e. profitability) and the percentage growth in earnings over the previous year. Companies not reporting full year results, are noted with a “Q3”. Profits were down across the board, but most of “our companies” were still “profitable.” A global pandemic did not produce extensive red ink.

⁴ It's also a real but often overlooked advantage to being Canadian.

RBC Canadian Dividend Invest Series – Top 10 (9) Holdings as of October 31, 2019.

<i>(Figures in millions \$)</i>	2020 Revenues	Reported Earnings	Profit as % of Revenue	YoY % Change
Royal Bank of Canada	\$47,181	\$11,437	24.24%	-11.1%
TD Bank	\$43,646	\$11,895	27.25%	1.78%
Scotiabank	\$31,336	\$6,853	21.86%	-22.1%
BMO	\$23,478	\$5,097	21.70%	-11.47%
CIBC	\$18,741	\$3,792	20.23%	-25.95%
Canadian Nat'l Railway	\$13,819	\$3,562	25.77%	-15.51%
Canadian Pacific Railway	\$7,710	\$2,444	31.69%	0.16%
Enbridge	\$39,087	\$3,416	8.74%	-41.37%
TC Energy	\$12,999	\$4,457	34.28%	12.09%
Brookfield Asset Mgmt	-	-	-	-
TOTALS & Avg.	\$237,997	\$52,953	23.97%	

IAP Canadian Dividend Growth Fund – Top 10 Holdings as of December 31, 2019.

<i>(Figures in millions \$)</i>	2020 Revenues	Reported Earnings	Profit as % of Revenue	YoY % Change
TD Bank	\$43,646	\$11,895	27.25%	1.78%
Royal Bank of Canada	\$47,181	\$11,437	24.24%	-11.1%
Enbridge	\$39,087	\$3,416	8.74%	-41.37%
BMO	\$23,478	\$5,097	21.70%	-11.47%
Suncor Energy ⁵	\$27,534	-\$6,486	-23.55%	-
Sun Life Financial	\$43,337	\$2,404	5.54%	-8.174%
Scotiabank	\$31,336	\$6,853	21.86%	-22.1%
Nutrien	\$20,908	\$459	2.19%	-53.7%
TC Energy	\$12,999	\$4,457	34.28%	12.09%
TOTALS & Avg.	\$289,506	\$46,018	15.89%	

Four companies - **Royal Bank**, **TD Bank**, **Enbridge** & **Scotiabank**, are held in all three dividend funds. And, four companies - **CN Rail**, **TC Energy**, **Brookfield Asset Management** & **Suncor Energy** appear in 2 of the funds. Not surprisingly, the performance of all three funds is fairly uniform.

⁵ At the time of publishing, SUNCOR 2020 financial results had not been reported. Figures include TTM.

Manulife Ideal Dividend Fund – Top 10 Holdings as of December 31, 2019.

(Figures in millions \$)	2020 Revenues	Reported Earnings	Profit as % of Revenue	YoY % Change
TD Bank	\$43,646	\$11,895	27.25%	1.78%
Royal Bank of Canada	\$47,181	\$11,437	24.24%	-11.1%
Enbridge	\$39,087	\$3,416	8.74%	-41.37%
Scotiabank	\$31,336	\$6,853	21.86%	-22.1%
Suncor Energy ⁶	\$27,534	-\$6,486	-23.55%	-
Canadian Nat'l Railway	\$13,819	\$3,562	25.77%	-15.51%
Microsoft	\$ 143,015	\$44,281	30.96%	12.84%
Intact Financial	\$12,303	\$1,082	8.79%	43.5%
Marsh & McLennan	\$17,224	\$2,016	11.70%	15.44%
TOTALS & Avg.	\$375,145	\$78,056	20.8%	

While profits were down from the previous year (TD Bank, CP Rail, TC Energy, Intact Financial were not), most of the companies still maintained margins of more than 20%. A part of those earnings will be paid out as dividends. The residual will be deployed back into R&D, plant & equipment, property, share buybacks, etc. and that will make the companies more valuable in the future. It's why owning quality businesses makes sense.

Owning valuable real estate assets over the long-term is another path to prosperity. Our real estate portfolio is made up of a combination of commercial (**RIO-Can, SmartCentres, CT REIT, Choice Properties**) residential (**CAP REIT, Interrent**), industrial (**Granite, Dream Industrial**), office (**Allied Properties**) and diversified (**H&R REIT**). Here is how they performed⁷.

IA Real Estate Income Equity Fund

(Figures in thousands \$)	2020 Revenues	FFO/ Earnings	FFO as % of Revenues	YoY % Change
RIO-Can REIT	\$ 1,143,663	\$507,394	44.36%	-11.88%
CAP REIT	\$882,643	\$429,525	65.03%	13.0%
Granite REIT (Q3)	\$247,000	\$165,800	67.12%	27.9%
Allied Properties	\$562,791	\$284,732	50.59%	2.65%
Smart-REIT	\$781,253	\$460,711	58.97%	-8.75%
Interrent REIT (Q3)	\$118,091	\$75,774	64.16%	8.26%
CT REIT	\$502,348	\$381,566	75.95%	3.50%
H&R REIT(Q3)	\$1,098,680	\$503,096	45.79%	4.91%
Choice Properties REIT	\$1,270,614	\$450,685	35.46%	-
Dream Industrial REIT	\$235,946	\$ 119,646	50.7%	13.9%
	\$6,617,791	\$3,378,929	51.05%	

⁶ At the time of publishing, SUNCOR 2020 financial results had not been reported. Figures include TTM.

⁷ Not all REITs have reported 2020 results. Their first 9-month results are presented and denoted by a (Q3).

Retail (commercial) suffered as the pandemic kept consumers at home. Rio-Can and SmartCentres in particular, had challenging years. Rio-Can even cut their distribution for the first time. Collecting rents was tougher than usual. But, in their annual reports, Rio-Can and SmartCentres reported 94.2% and 90+% of their rents had been collected by year's end. Payments were trending positive. Security deposits and lines of credit will be used to offset some of the missing rental revenue. Committed occupancy rates were 95.7% (Rio-Can) and 97.4% (Smartcentres).

Having dispensed with the bad news, there was lots to be optimistic about. Both Rio-Can and Smartcentres have been recycling commercial properties and developing mixed used projects as a part of their “urban intensification” strategies. Many of those projects will be completed in the next 18 months. Most have already been leased and will be accretive after final inspection.

Here is a recent list of the tenants renting space from RIO-Can. Most tenants were “essential” and able to conduct business during 2020. Cineplex & Landmark Theatres weren't permitted to operate. Fashion apparel outlets also suffered.

Retailer Category	% of Rent	Key Brands (ii)
Grocery / Pharmacy / Liquor	16.9%	Loblaws, Sobey's, Shoppers Drug Mart, Rexall, LCBO, metro
Value Retailers	13.8%	WINNERS, Marshalls, Walmart, DOLLARAMA, Costco, DSW
Essential Personal Services	11.8%	BMO, TD Canada Trust, Scotiabank, PERFORMA, Shell, ROGERS
Specialty Retailers	11.5%	SEPHORA, PETSMART, SPORT CHEK, Michaels, staples, buybuy BABY
Other Personal Services	10.2%	GoodLife FITNESS, LAIFITNESS, YMCA Canada, GYM GROUP
Furniture & Home	9.2%	STRUCTUBE, HOMESENSE, BED BATH & BEYOND, The BRICK, Lowe's, Home Depot
Quick Service Restaurants	6.9%	Tim Hortons, HARVEYS, McDonald's, AEW, Bristle & Juice, FIVE GUYS, SUBWAY
Apparel	6.9%	Mark's, Reitmans, L.L.Bean, OLD NAVY
Sit-down Restaurants	5.8%	SWISS CHALET, Boston Pizza, MONTANA'S, KELSEYS, JACK ASTOR'S
Movie Theatres	4.0%	CINEPLEX, Landmark
Entertainment / Hobby / Electronics / Books	2.8%	WFC, SOURCE, Indigo, EB GAMES
Department Stores (i)	0.2%	HUDSON'S BAY

The table below shows how the different types of properties are currently trading relative to their underlying book values. Despite the oncoming revenue streams, RIO-Can and Allied Properties (office REIT) are selling well below their “book values” (a figure that approximates current property values by accounting for CAP rates, property assessments, etc.).⁸ In other words, if you were an investor looking to purchase their properties on the open market, you would likely pay up by 25%. That disparity is worth noting.

⁸ Values presented are from the most recent annual reports.

Partnership	Unit Price Feb 28-21	Book Value	% Price/ Book	Discount /Premium
RIO-Can REIT	\$18.96	\$24.35	77.87%	- 22.13%
CAP REIT	\$51.04	\$51.28	99.5%	-0.5%
Granite REIT	\$72.90	\$58.69	124%	24.4% +
SmartCentres	\$26.29	\$25.38	104%	103.9%+
Allied REIT	\$38.36	\$48.54	79.03%	-20.97%

Residential Properties like CAP REIT/Cdn Apartment Properties are currently selling close to book values. Industrial properties like Granite are selling above book values. Investors have been buying up shares in anticipation of strong growth in e-commerce.

There's one last benefit worth mentioning. Nearly all the REITs will be participating in NCIBs or unit repurchase plans. And, when a REIT buys back units at a discount, it can be like having a partner offer you his shares for 80 cents on the dollar. It instantly buoys the value of each unit without increasing rents and without any tax consequences. It's one more reason not to be overly concerned when the units of the partnership are trading down.

* * * * *

In economics, interest rates act as gravity behaves in the physical world. At all times, in all markets, in all parts of the world, the tiniest change in rates changes the value of every financial asset. You see that clearly with the fluctuating prices of bonds. But the rule applies as well to farmland, oil reserves, stocks and every other financial asset."

Warren Buffett - Chairman
Berkshire Hathaway

On Aesop, Interest Rates & Taxes

During the fifth century BC, a Greek citizen suggested "a bird in the hand is worth two in the bush." That mantra still holds true and it is often cited as today. But its application requires knowing the value of the bird in the hand before venturing into the bush. Think interest rates.

Interest rates, specifically the 10-year Government of Canada bond (currently yielding **1.357%**) or the U.S. 10-year Treasury Bill (currently yielding **1.426%**) are usually used as a proxy and the value of any financial asset will always be in relation to that yield. It is a function of interest rates and taxes. When interest rates are high, the value of assets must be low to

provide a “margin of safety” or a “risk premium.” If I could invest in a 10-year GIC at 10%, why would I bother investing in a company paying 8%?

Conversely, if interest rates are low as they are now, the values of all financial assets are bid up (i.e. note Exhibit A - the S&P500 and Exhibit B - the price of BC real estate). Why invest in a 10-year GIC that pays less than 1% when I can invest in stable bank and receive a 5% dividend? That is sort of where the markets are now. Should inflation creep up or mortgage payors start defaulting, interest rates would likely rise. The value of all other assets would likely decline, perhaps drastically.

Complicating those factors are governments and their need and ability to tax individuals and corporations. When the previous U.S. president and Congress lowered taxes in 2018, corporate rates were reduced from 36% of earnings to 21%. That gave each corporation a 14% boost to their bottom line, without having introduced any innovations, more lucrative managerial strategies or an increase in production. Even mediocre companies looked good.

In Canada, large corporations are taxed on about 25% of their annual earnings. Individual and corporate tax rates are among the lowest they have been in decades.

Given the staggering amounts of money governments have been throwing at pandemic programs, etc., deficits are bound to escalate. Tax rates would likely escalate at some stage. When they do, it won't be pretty. Corporations won't be as profitable. Lofty valuations will be difficult to justify. It will be a much different business environment for corporations (unless there is a swift increase in productivity or their value proposition).

Now, I could be completely wrong with my analysis. Even worse, I could just be early. Either way, the current market environment is one where opportunities exist, but risks are also prevalent. If I was the pilot on an airliner, I might suggest passengers expect some turbulence.

Some Pandemic Strategies/Considerations...

- 1. Ensure Your Will is Valid & Up to Date/Draft a Will with a Reputable Lawyer⁹.** A valid will provides for the orderly distribution of your property & assets amongst your loved ones. It ensures any potential creditors are paid and the bereaved are not burdened by undue stress. Dying without a will (intestate) is a problem¹⁰. If you have substantial assets - like a house, investments or a business, your “estate” will be administered by a public trustee who will manage those assets based on prescribed statutes. That is neither efficient nor preferable. More important, if there is a spike in deaths due to the pandemic (and it's quite possible), the courts will be inundated. Settling an estate will take more time, become more expensive and needlessly create tension & anxiety for those left behind.

⁹ Please don't try and save money by buying a kit or thinking you can do this yourself. Spending \$300-\$500 to draft a will with a professional is money very well spent.

¹⁰ Industry studies suggest 1/3-1/2 of all Canadians have never drafted a will. And, those who have may be surprised to discover it is not valid by virtue of a change lifestyle change (i.e. death of a spouse, divorce, etc.)

- 2. Draft a Power of Attorney & a Representation Agreement.** A Power of Attorney appoints someone you trust to act on your behalf should you lose the capacity to conduct business, negotiate contracts or simply pay bills or bank. A Representative Agreement designates someone to make medical decisions if you are unable.
- 3. Ensure Your Named Beneficiaries are Up to Date.** Check the named beneficiaries on your RRIFs or RRSPPs, Pension Plans and Life insurance policies (I recently went through this process only to discover a client still had a deceased wife named as a beneficiary). I'm available to help with this process if you wish.
- 4. HOLD "Joint" Accounts (i.e., jtwros) with a SPOUSE ONLY.** (I'm no lawyer, but...) The Supreme Court of Canada has made it clear that sharing a "joint account" with a son, daughter or other individual, does not establish "testamentary consideration" (i.e., what your wishes were when you signed onto the account). It may seem easy and seamless but consider:¹¹
 - a. Funds can be seized by "the other person's" creditors (including a divorced spouse).
 - b. Funds may not be available to pay obligations after death.
 - c. Funds may not be available to your other intended beneficiaries.
 - d. Careful record keeping is required for income tax purposes.
 - e. Countless family fights have occurred over joint accounts. Litigation is costly.
 - f. In BC, the Wills and Variation Act could override your intentions.
- 5. HOLD GICs, Cash Accounts or Term Deposits with a Life Insurance Company.** Deposits held with an insurance company include the same rate and deposit guarantees as a bank. However, deposits held with an insurer include "testamentary consideration" and allow a depositor to designate one or more beneficiaries. Depositors can determine how and when those funds are distributed (i.e. lump sum or scheduled) to beneficiaries, by passing the probate process and public scrutiny. Confidentiality is assured. Also, proceeds from such a plan are beyond the reach of BC's Wills Variation Act. Disgruntled relatives or former business partners have no right to appeal any designations.
- 6. IF You're Age 70 or Older, Consider Purchasing an Annuity -** An annuity guarantees you will receive income for life, regardless of market gyrations. They can be structured so spouses or beneficiaries receive the income stream should you not survive an established time frame. Rates are based on age, gender, and the number of lives. And they are extremely tax efficient when purchased with non-registered funds (little if any taxes are paid, especially at older ages). Here are some current pay-out ratios:¹²

¹¹ See attached article.

¹² Rates are based on a prescribed, non-registered \$100K premium with a 10-year pay-out guarantee.

Age	Male	Female	Couple
65	5.71%	5.29%	4.77%
70	6.59%	6.10%	5.40%
75	7.48%	6.82%	6.19%
80	8.60%	8.06%	7.35%

7. Consider purchasing a Whole Life Insurance Policy on children or grandchildren.

Here are a few reasons...

- a. **It's incredibly affordable.** Life insurance is almost guaranteed to get more expensive as the child matures into adulthood.
 - b. **They'll easily qualify.** Long before they develop any bad habits or fall victim to any diseases, syndromes, conditions, etc., they will qualify.
 - c. **The Face Value or "the Amount Insured" Grows Annually** if structured properly. Over decades, that amount will grow to match your child's needs into adulthood (i.e. when they marry, make you a grandparent, etc.)
 - d. **Cash Values Grow Tax Sheltered** – Additional contributions can be made. Funds can be withdrawn or borrowed as equity builds up in the plan. It serves as an additional savings vehicle and earns a much better return than savings accounts.
 - e. **Funds can be transferred - seamlessly and tax free.**
 - f. **It's Purchased for Lives Not Yet Born...** The real reason for purchasing a life policy is knowing it will be there to protect children or grandchildren from future financial hardships (the next pandemic?). No other vehicle operates as efficiently or is as secure in legal and tax terms.
- 8. Consider a Manulife One Mortgage.** (I'm not a mortgage broker, but...) if you own more than 80% of the equity in your home, a Manulife One mortgage might allow you to pay down your mortgage more quickly if you're a young professional or a young family. If you're a senior or retiree, it could provide an alternative income stream that is far more favourable than a reverse mortgage.
- 9. IF you're a Professional, a Business Owner or a Contractor...** Consider holding financial assets with a life insurance institution. When structured properly, your funds receive a degree of creditor protection not bestowed upon any other investment class. That could be critical if bankruptcies rise due to the economy.

* * * * *

Closing Comments

I've been able to work from home during most of this pandemic. Adapting to directives hasn't been very onerous or burdensome. So, given the unforeseen and changing events of 2020, I would be remiss if I didn't make mention of a few acts of valor.

First, I've been married to a nurse for some 30 years. I've long admired the way she, her fellow nurses and countless health professionals conduct themselves on the front lines with grace, dignity and courage. When leadership is lacking on all political fronts, healthcare workers quietly demonstrate leadership by caring for the sick, the isolated and the terminally ill. Thank you if you fall into that category. You represent the better angels of our humanity.

Second, the province of BC has (thus far) managed the pandemic far better than nearly every other jurisdiction in North America. All BCers owe a debt of gratitude to Dr. Bonnie Henry. She has sidestepped the political posturing, stuck to science and attempted to educate the general population on the nature of the COVID-19 virus and its effects upon our public health. She's neither legislator nor judge. If some feel their "rights" have been denied, they should try for a better philosophy professor next go around.

Finally, there have been countless frontline workers who've gone to work to ensure supply lines and the necessities of life have been available. They too, are unsung heroes, worthy of a bit of recognition.

On the business front, **Rio-Can** Chief Executive Officer, **Edward Sonshine** will retire officially on April 1 of this year. Mr. Sonshine has been at the helm of Rio-Can for years and he's been one of the country's most astute business minds during that time. He's led Rio-Can during the perilous years of the 2008 Financial Crisis (he purchased U.S. real estate on the cheap and then sold it years later on the rebound). Long-time unit holders have been well rewarded thanks to his leadership. I will miss hearing his insights on the quarterly Rio-Can conference calls & webcasts.

Russ Girling, the Chief Executive Officer at **TC Energy** - formerly TransCanada Pipeline, retired on December 31, 2020. He will be succeeded by **Francois Poirier** who joined the company in 2014. Mr Girling was at the helm for some 10 years. He oversaw the successful merger with Columbia Pipeline Group and several pipeline projects around the North American continent. Regrettably, the Keystone Pipeline remained unfinished - largely to the political climate south of the border.

A little closer to home... **Dr. Gary Powell** and his staff at Carrington Dental performed some miracles on my pearly whites. No pain. Plenty of gain. If you're needing some work done on your chops, call Carrington Dental at (778) 741-0229. IF you're from out of town, make it a reason to come to West Kelowna. Play golf, drink wine, etc.

Glenn Einfeld & Casey Trivett at Einfeld Law provided sound legal counsel. If you're needing trial lawyers, call (250) 712-0001. Talk to Sylvia and make an appointment.

The best Sushi and the warmest hospitality in the Okanagan are still provided by my friends, **Tom & Yanny Piper** at Sushi Q. Try their Tuna Tataki sometime. And, if you're looking for an authentic wine tasting experience, visit my friends **Sharon & Robert Fiume** at **Ciao Bella Winery** - the best Italian winery in all of Canada. If Pope Leo X had sanctioned Ciao Bella's Pinot Nero for communion wine, the Protestant Reformation may never have happened. You can test my hypothesis by visiting their shop or by ordering from their website at: <https://www.ciaobellawinery.com>

Just before I close (and you close your eyes - if you haven't already). Please note. I'm slowly adapting to the "digital world." My website can be found at: www.think-income.com

I've also started posting videos on a "YOU-Tube" channel that discuss various financial themes, ideas, etc. See: <https://www.youtube.com/channel/UCICx6ia8NKNfpsFKs3yKCsw>

Should you have a topic you wish to see addressed or questions about a particular strategy, let me know. I'm always looking for items of interest. IF you have neither the time nor the stomach to watch the videos, please give it a "thumbs up" anyway. Apparently, "thumbs" and "likes" are a valued metric in this day and age.

I began this report with a quote from Charlie Munger (one of my heroes). I believe the writing of this year's report is probably more beneficial than the reading of it. Thank you for reading this far. I'm happy to forward a \$10 Starbucks gift card to the first 5 brave souls to inform me they made it thus far!

Finally, 2020 was a year full of heart ache, broken dreams and change. I hope you and your family continue to thrive and prosper. I appreciate the faith and confidence with which you have entrusted me and my network. Sojourning with you and seeing you and your family reach your goals is a most satisfying activity.

Best Wishes,



Gordon Wiebe

