

THE GREEN REPORT



FALL 2020/WINTER 2021

A semi-annual publication for our clientele that provides the latest information relating to Green Private Wealth Counsel, our community and today's markets and trends.

Hello Fall!
A Season of Change



Beginnings Virtual Fall Banquet

Share the Green Youth For Christ Golf-a-Thon

Once again, Paul braved the elements and played a whole day of golf to raise money for Woodstock Youth For Christ. He (and many other warriors) got in their chariots and played 36 holes in the golf-a-thon, raising \$32,000 on the day. We are happy to report he recovered well from the intense work out.



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The Market

Paul's Fall 2020 Commentary

Markets continued to rally in the third quarter, having a big month in August before pulling back in September, with the S&P 500 (CAD) rising 10.21% and the TSX Composite gaining 4.73%. The main story continues to be global central banks and government stimulus driving money into markets, most specifically the largest and most liquid companies on the planet, such as Apple, Google, Microsoft, and Amazon. These large-cap technology stocks have the heaviest weighting in their respective indices, thereby having a large impact on returns this year and contributing to the pullback in September (Apple fell 20% from its peak in September). We have been exposed to technology-related companies throughout but continue to diversify into other areas of the economy like health care, stay-at-home leisure and specialty retail companies.

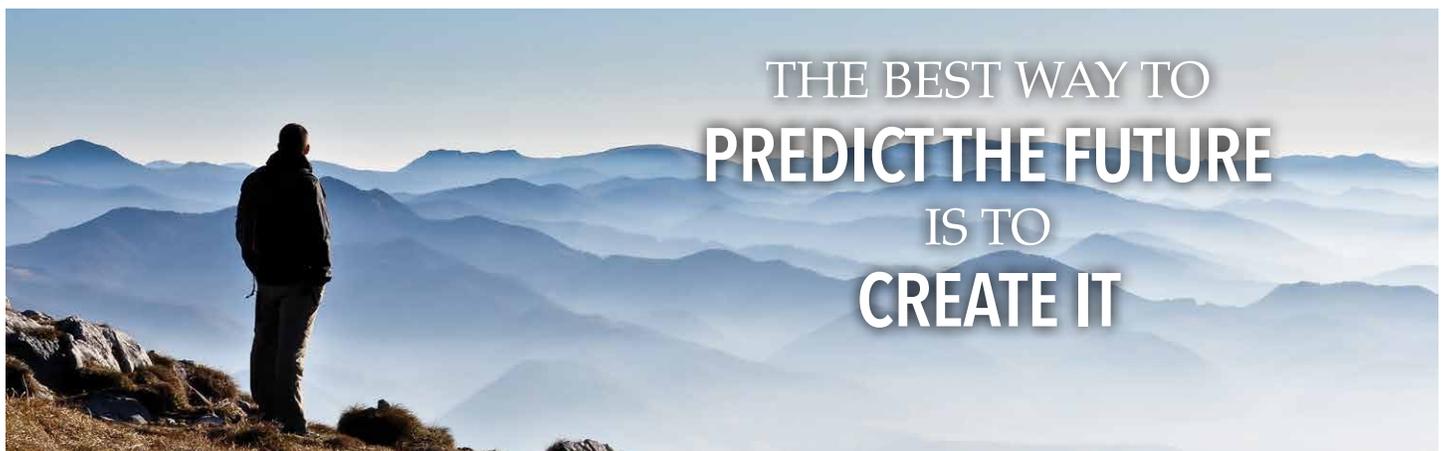
The Canadian dollar (CAD) appreciated toward the end of August before giving back gains in September, peaking in conjunction with the price of WTI crude oil and equity markets. The US Dollar (USD) had a big run in March when risk fled stocks and bonds, moving into US T-bills. However, CAD had recovered its year to date losses versus USD at the end of August before falling 2.40% in September. With the likely cause being profit taking on the 11% rally from the March low. Where it goes from here is uncertain, as it seems fairly valued and right in the middle of its five-year trading range.

The Canadian Universe Bond Index was flat on the quarter, rising in July before pulling back for the remainder of the quarter, ending up 0.44%. The only notable comment on fixed income is that central banks are hoping to see inflation return so that the massive amount of global debt can be inflated away. Should inflation return, interest rates would need to rise,



causing the value of loans to fall. With such low interest rates, we continue to use our private debt pool, which is consistently paying around 0.5% per month and not subject to the same inflation risk as traditional fixed income. In fact, rising rates would likely result in higher returns on the private debt pool as our private lenders would be able to charge higher borrowing rates.

Much like last quarter, we continue to be cautious about this recovery. We are happy to see solid performance in the past two quarters but will be vigilant in studying the trends for cues to lurking bears. The trends are currently in quite good shape to see stocks outperform bonds and cash over the next six months, but this can change quickly. We would expect volatility to continue through this year as the market is looking for a stimulus package in the US and the US election gets closer and more "entertaining." On a positive note, the race for vaccines and treatments for COVID-19 seem very promising as encouraging reports continue to come in.



Green Team News

Welcome Burlington Team!

On April 1st, Green Private Wealth Counsel expanded into Burlington/Oakville with a group of local, experienced financial professionals. We are excited to add Graham, Karen, Nelia and Michael to our team. They will continue to serve and advise their clients as well as help expand our reach to deliver our services to many more families in the area.



Introducing Our Burlington Team

Graham Wardrop
Mike Pakreslis
Karen Turner
Nelia Brito

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*Ready to help you
reach your goals!*

Green Private Wealth Counsel Burlington Office • 200-5045 South Service Road, Burlington, ON

Share the Green Beginnings First-ever Virtual Fall Banquet

On Saturday, September 26th, 2020 Beginnings Family Services - Woodstock held their first ever Virtual Fall Banquet with the theme 'A Safe Place'. Beginnings Family Services Pregnancy Care Centre is a non-profit, faith-based organization located in Woodstock, Ontario and has served Oxford County for over 25 years. Beginnings provides a range of free and confidential services and programs from pregnancy, parenting and adoption support counselling, emergency baby care supplies, to prenatal/parenting classes and community referrals. They work diligently with partner agencies in the community and walk alongside clients providing them with the resources, information, and skills they need to be better parents.



This year's virtual banquet featured a ministry update from Care Centre Director, Joyce Schultz, client testimonies and a special message from guest speaker, Rev. Jason Tucker, Chaplain of the Woodstock Police Service. The virtual banquet was "attended" by approximately 85 virtual guests and thanks to a generous donation-matching gift from Green Private Wealth, was able to raise over \$31,000 to continue Beginnings free programs and services.

Disruptive Technology at a Tipping Point

David Harris
CFP®, CIM® | Portfolio Manager, Director Private Client Group



The COVID-19 pandemic in 2020 has sped up the adoption of technology by companies and individuals worldwide. The major stock markets have seen an amazing rebound from their March lows but the strongest return has been from the tech heavy Nasdaq Index, up 64% from March 21 - September 1st. Value investments which investors historically flee to in tough times are still lagging, with the US Large Cap Value Index down 9.23% year-to-date as of October 8, 2020. Technology names such as Facebook, Apple, Amazon, Netflix, Google and Zoom have been the largest benefactors of the spending spree by the Federal Reserve and Bank of Canada. Working from home has us utilizing a range of technology tools such as Zoom and Microsoft Teams. Families have been gathering around Facetime for get-togethers and online "Kitchen Parties" have people sharing their musical talents – both pros and amateurs. Beyond these consumer names though, there is a lot more going on in the technology space.

One of the leaders in research and information in this area is Ark Invest, a US based investment firm which has a unique approach to their business. Rather than keep all their research private for internal use only, they publish it for anyone to download and use. They also run a pod cast program and weekly newsletter where they explore different technology items in detail. Their goal is to share this information and solicit feedback so that they can make better investment decisions for their clients. According to Ark Invest, there are 14 Transformative Investment Technologies across five technology platforms that could generate over \$50 trillion in market capitalization over the next 10 - 15 years. "Never before in history has there been so much innovation going on at one time" according to Cathie Wood, CEO of Ark Invest.

The five Technology Platforms – Artificial Intelligence, Blockchain Technology, Genome Sequencing, Robotics and Energy Storage could be transformative for society. The Ark Invest research team looks into the future to find the leaders in industry who will develop and adopt this technology to reduce cost and improve efficiency, profitability and health.

Consider this: while the pandemic has caused a recent rise in vehicle sales as people avoided mass transit, we are at the cusp of autonomous vehicles becoming mainstream and companies



such as Tesla could launch their own ride hailing service¹. Robotic autonomous vehicles called up by an app on your phone to deliver you efficiently to and from your destination. The impact on traditional vehicle sales could be incredible as this technology rolls out in the most populated places. Before launching an autonomous ride hailing fleet, Tesla has said it may debut a service with drivers. There is an estimated 30% savings in operational costs between a Tesla model 3 and Toyota Camry over the course of a year of ride hailing and the Tesla actually improves over time through software updates making residual values higher. This savings could be deployed through higher driver earnings, lower fares, higher fees for access to Tesla's platform or a combination of all three.

Many of these technologies are at a tipping point where the price is dropping enough to generate tremendous demand. For example, Volkswagen has a new all electric SUV in the works that they hope will become as popular as their Golf and classic Beetle models have been (35 million and 21 million sold respectively). The Golf and Beetle were popular for their low cost and efficiency. Battery technology and infrastructure is getting to a price point where mass adoption could be coming soon.

Robots in manufacturing typically operate to produce parts as a stand-alone operation behind fencing and protective shrouds. When it comes to assembly work this is still done mostly by humans. Recent advances in Artificial Intelligence (AI) and smaller more mobile robots will see robots working alongside and in collaboration with humans². Lower cost and a possible

¹ <https://ark-invest.com/analyst-research/ride-hailing/>

² <https://industry4o.com/2020/02/10/future-of-industrial-automation-and-robotics-in-manufacturing-engineering/>

shortage of workers will accelerate this demand.

Genome sequencing has the power to significantly alter treatments and outcomes of disease. The cost to sequence the first genome with the Human Genome Project in 2003 was \$2.7 Billion³. Today, you can decode an individual's DNA for a few hundred dollars. There are advantages in both research and treatment for genome sequencing. Being able to develop treatments faster and less expensively, as well as diagnosing disease such as cancer at an early stage are a couple of outcomes.

Fintech or Financial Technology is another area that is set up for significant change. There are many challengers to the traditional bank and credit card business that have dominated lending and spending habits for the past 40 - 50 years. On the lending side, companies such as LendingClub, Sofi and Prosper match private individual lenders with consumers to fund loans, often at much more favourable rates than unsecured lines of credit offer by big banks. According to Transunion, Fintech companies represent 38% of the \$138 billion unsecured personal loan market in the US in 2018. This is up from 5% of the market in 2013. If this trend continues, banks will see a shift in profitability.

The credit card industry is seeing a similar shift. Over the past 10 years, the spread between credit card rates and US T-bills has reached an all-time high. Even at a point in time where real interest rates are at all-time lows, credit cards continue to charge rates over 20% per year. These high rates are needed to cover the cost of acquisition such as high cash back bonuses that traditional credit card companies use to lure clients. In contrast, Apple launched a credit card in 2019 with no up-front incentive but up to two years interest free for purchases of Apple products such as a Macbook. There will be challenges to the traditional credit card industry as well. Peer to peer payment methods such as Square's Cash App and Venmo are becoming popular ways for people to pay for goods. Many small retailers are using low-cost Square scanners and point of sale systems to process electronic payments.

I have only touched on a couple of themes but the opportunity for investors with these disruptive technologies is incredible, with trillions of dollars in growth potential for companies in the innovation space. The stock market today is a representation of what has worked in the past and a projection of investor expectations. As portfolio managers we are continually looking for investment themes that will pave the way for future returns and fit within our mandate of being stewards of your wealth.

³ https://research.ark-invest.com/hubfs/1_Download_Files_ARK-Invest/White_Papers/ARKInvest_070620_whitepaper_Genomics-Innovation.pdf?hsCtaTracking=d4bdce99-3810-4a99-9e17-b6f14aeb3ba3%7C06e4a224-a261-4223-9b58-36cc0f3e21dc

Share the Green Big Brothers Big Sisters Big Night In



Green Private Wealth was happy to sponsor and support BBBS of Oxford County's primary fundraiser for the year. Unfortunately, the Big Night Out gala had to be cancelled due to COVID-19, but with hard work, BBBS was able to organize "The Big Night In Oxford's Got Talent" hosted by Greg Morton (Woodstock's semi finalist on America's Got Talent). The event was held on Saturday October 24th at 7:00 pm and streamed on Youtube and Facebook.

BBBS of Oxford County has been helping children match up with a mentor (Big Brother or Big Sister) in our community

for many years. They also run group programs, in school mentoring and homework clubs. Green Private Wealth Counsel focuses on helping kids in our community and we are proud to be a long time sponsor and supporter of BBBS of Oxford County.

A PROUD SPONSOR OF
BIG BROTHERS BIG SISTERS

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Estate Planning

Gary Armstrong | CPA, CGA Strategic Tax Specialist

Suze Orman has said "Estate planning is an important and everlasting gift you can give your family". A testamentary Will is part of a well-planned estate. As the season changes over the next few months from the warmth of summer to the cool of winter, it would be good time to review your Will to make sure it meets your current needs. Many people put off creating or doing a regular review of their Will, so we wanted to give you a few reasons why you should not put off this important task.

Reason #1 – Life Changes

Your Will was created at a specific time in your life. There are several life events that may have occurred since the creation of your Will that dictate the need to at least review your Will. Some reasons to consider revising your Will:

- there has been a change in your, or your children's marital status
- there are additional or loss of family members (births, deaths, adoptions)
- family members who have moved to other countries
- there has been significant growth in your wealth, or significant assets bought or sold
- charitable/philanthropic not considered earlier in life

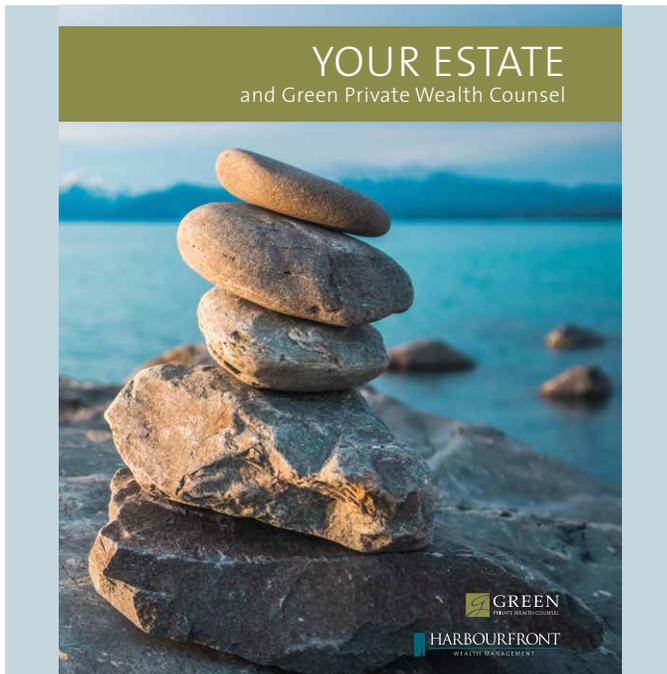
Reviewing your Will makes sure all of your life changes are captured and your wishes are documented for your family.

Reason #2 – Estate Administration Tax (Probate)

The Ontario Estate Administration Tax, known as probate, is calculated at 1.5% of your estate in excess of \$50,000. For example, an estate with \$1,000,000 in assets, probate fees would be \$14,250. With the new Estate Administration Tax, it has increased reporting requirements and increased the audit powers leading to legal costs to challenge the estate value. With proper planning, certain assets would not be subject to the probate fees.

Reason #3 – Income Taxes

The Income Tax Act (ITA) changed a few years back to create a new secondary type of testamentary trust called a Graduated Rate Estate (GRE). The GRE allows a single trust to operate tax efficiently for the first 36 months after death. Prior to the changes, many Wills were set up to create multiple trusts



to be able to receive favourable tax treatment. All benefits were removed by the creation of the singular GRE, except for Qualified Disability Trusts. In order to even access the GRE status, your Will should be reviewed to make sure that the trustee (executor) has the power to delay distributions and the ability to implement other postmortem tax planning strategies.

Reason #4 – Cultural Changes

We know that the culture is constantly changing. We have been told that there has been an increase in people challenging a created Will. There may be a greater increase in generational expectations of inheritance, some beneficiaries disappointed with their allotment, verbal promises never recorded. There are court challenges regarding if you have capacity or under undue influence of the person creating their Will. The better documented and regular attention to your Will, the less opportunity it provides for challenging the desires of your Will. We recommend you review your Will at every major life event and at least every five years.



Share the Green

9th Annual Gems & Java Fundraiser Goes Virtual!

Mothers With a Heart for Ethiopia is a 100% volunteer led and driven organization with 150 volunteers working all year to raise funds to support six projects in Ethiopia. The projects support women, children and education. In Ethiopia, abject poverty has a profound impact on lives and basic medical, education, food and care are not available to millions of women and children.

Gems & Java is the organization's main way of generating funds. Last year, over 620 guests joined the Friday and Saturday event, with a total of \$123,500 being raised! When Gems & Java began, the event was sold out with 85 people in attendance and raised \$7,700.00. The event has grown tremendously and with sponsor, donor and guest help, the organization has been able to help thousands of women and children in Ethiopia.

This year's virtual program will feature:

- jazz band as a pre-show
- soloists
- motivational speaker
- videos of project recipients in Ethiopia
- stories of women and children in Ethiopia and how the funds given to the projects we support is making a difference in their lives
- accounts of how being in Ethiopia impacted the lives of our volunteers

The program will have a lot of variety and the pace will be quick to keep people's attention. The event is open to anyone free of charge. The online silent auction will also be open to the public and will begin October 26th at 9:00 a.m. and will go until October 31st at 9:00 p.m.

Mothers with a  for Ethiopia

OUR 9TH ANNUAL GEMS & JAVA IS GOING VIRTUAL



Fundraiser to support women and children in Ethiopia

Open to everyone at no cost!

Friday, October 30th | 7:00 p.m. - 8:15 p.m.
Saturday, October 31st | 1:30 p.m. - 2:45 p.m.

Join us at www.facebook.com/Moms4Ethiopia

Online Silent Auction

October 26th at 9:00 a.m. - October 31st at 9:00 p.m.

Many thanks to our sponsors for their generous support!

Presenting Sponsor

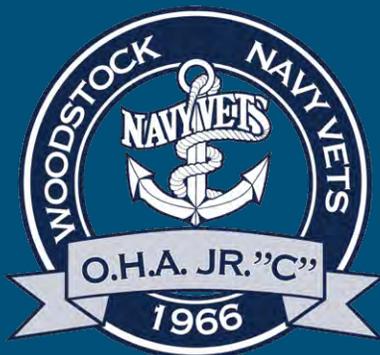


Major Sponsors



For more information, please visit
www.motherswithaheartforethiopia.com

Green Private Wealth Counsel is proud to be a sponsor of Gems & Java every year! You can be a part of it too, feel the joy of giving and know that you are making a difference in the lives of women and children in Ethiopia.



Share the Green

Green Private Wealth Counsel is happy to sponsor Kid's Night for the Woodstock Navy Vets Hockey Team! Due to the COVID-19 pandemic, the date for Kid's Night is yet to be determined.



Chef's Corner

with Chef Rob Bartley
Feeds 5 - 6 people



Greek Style Lemon Spinach Rice

Round out your dinner with this delicious side dish! A light, lemony basmati or jasmine rice recipe that will perfectly compliment a fish, chicken or steak meal.

INGREDIENTS:

3 cups basmati rice – you can use jasmine if you prefer (do not wash or rinse)
1 oz olive oil
5 cups of water (approx.) or chicken stock if you prefer
½ white onion, minced
2 gloves of garlic, minced
3 lemons, zested then juiced (keep zest and juice separated for later)
1 cup chopped fresh Italian Parsley
½ cup chopped fresh dill
1 bunch green onions, chopped
6 cups fresh baby spinach, roughly chopped
Salt and pepper to taste

METHOD:

Preheat oven to 320 F

1. In a large saucepan with tight fitting lid, heat up on stove over medium low heat.
2. Add the olive oil into pan and then add the dried basmati rice. Stir with a wooden spoon to lightly toast the rice (like you do for risotto). Toast for 2 minutes.
3. Then add the onions and garlic and toast for another 2 minutes – do not allow the garlic to brown.
4. Add the water or chicken stock and a good pinch of salt.
5. Increase temperature to medium high, add the lid to the pot and bring to a quick boil. Transfer the pot with lid into a 320 oven for 15 minutes.
6. Remove pot from oven, remove lid and lightly fluff the rice with a fork. Should be fluffy and somewhat dry.
7. Allow rice to cool.
8. Transfer rice into a large mixing bowl and add the lemon zest, juice (to taste) parsley, dill, green onions and chopped spinach. Mix well and season with salt and pepper.
9. Re-heat rice in microwave when ready to eat.

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