

THE GREEN REPORT

SPRING/SUMMER 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 Spring!
Fresh Beginnings



Gems & Java Virtual Event!

Share the Green

Christmas Donations to Those in Need

A big thank you to our clients! During our annual Christmas Share the Green initiative, we asked for your input on the charity you would most like to make the donation to. Donations were made to: #1 The Salvation Army; #2 Operation Sharing; and #3 The United Way. From our Burlington office, donations were made to: #1 Food for Life; #2 Halton Women's Place (Shelter); and #3 Food 4 Kids Halton.



Dan Timmers in our Woodstock office presenting a cheque to Stephen Giuliano from Operation Sharing.

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The Market

Paul's Perspective

Stocks continue to rise...

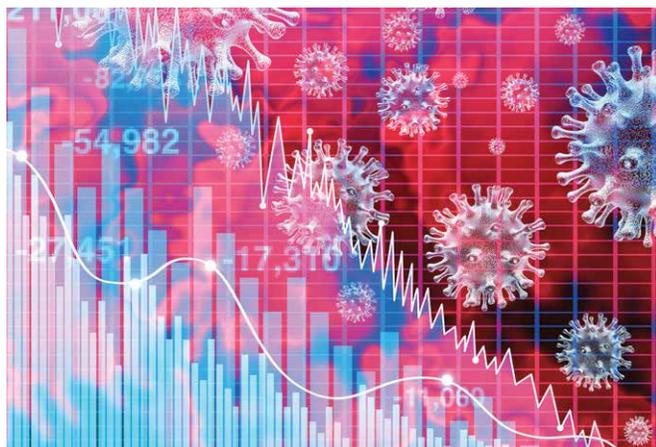
Equity markets continue to rise primarily on easy monetary conditions provided by central banks but also on better-than-expected earnings. The easy money policy continues to be maintained by the US Federal Reserve (FED) and echoed each time Chairman Jay Powell speaks; easy money is here to stay.

During his semi-annual report to Congress, he said that it could take three years for the economy to return to full employment, meaning he would keep rates low for another three years, music to the markets ear. We cannot help but think that this easy money policy is going to be a failure in the long run. It's encouraging poor behavior by politicians to run up more debt and not make the necessary hard decisions that countries require. It is also causing borrowers to take on more debt at low rates and retail investors to push up companies with no earnings to unreasonable levels.

But bonds are falling...

The Canadian Universe Bond Index fell 2.9% in February and is down 4.4% for the first two months of 2021. (As a friendly reminder, we have reduced the bond exposure in our portfolios to 10% or less and instead hold private debt as the replacement. Private debt is significantly less volatile than traditional bonds and uncorrelated to equity markets, providing you with a more stable portfolio). Having discussed the FED's easy monetary policy and desire to keep short-term rates lower for longer, the bigger risk is inflation and therefore rising longer term rates, which the FED has little power over (they could buy long-term bonds, but it is a riskier proposition).

As longer-term rates move higher, the value of bonds decline. Bonds start to become more attractive when compared to the dividend yield on equities and can cause a move out of equities and back into bonds. This can cause volatility in both



the stock and bond markets, which we experienced in the later part of February. However, at this point, bonds are not attractive in our opinion (the US 10-year government bond is paying 1.4% to hold for 10 years) and we will continue to keep a very low allocation to them.

More of the same?

On a technical basis, we continue to see stocks outperforming cash and bonds over the next six months. We continue to have balanced portfolios, consisting of quality growing companies, private debt and private real estate. Both private debt and private real estate are great core positions, as they eliminate the greed and fear that public markets are exposed too. In addition, if interest rates continue to rise, they both act as an inflation hedge, with private debt being able to charge higher borrowing costs to reflect higher interest rates – and private real estate can charge higher rents. While the equity portion of the portfolio can still be volatile, owning quality companies for the long run is the prudent way to invest. If interest rates continue to rise, we will further tweak the portfolios and add more to cyclical companies based in Canada and reduce some of our higher growth positions that we bought shortly after the market bottomed in March of 2020. In addition, if we see significant concerns and deterioration in stocks, we will not hesitate to reduce our holdings in public stocks and reduce the risk in portfolios.

And the pandemic...

Stock markets are also moving higher as vaccines get rolled out around the world. The expectations of the economy opening up and pent-up demand looking to push massive growth in many areas of business, *should* lead to increased earnings and higher stock prices. On the human side, hopefully we will all get our lives back to a more 'normal' state, as we begin to feel more at ease as we see less and less illnesses and deaths. We can hope and pray for this to come as soon as possible for all in our world. The stock market surely sees this happening sooner rather than later!

TOP 50 ADVISOR



IN CANADA
by Wealth Professional
Magazine



Paul Green Ranked a Top 50 Advisor for the 5th Year!

“To be recognized as one of the top 50 Advisors in Canada, for a fifth year, is truly quite humbling. This recognition acknowledges that during our 28 years in the industry, we have been working hard to deliver exceptional value and service to our clients. Seeing our clients happy and satisfied with Green Private Wealth Counsel is the true gauge of our success.”

Green Team News Welcome to Kerry Rizzo!

Green Private Wealth Counsel is proud to welcome Kerry Rizzo to our team! Kerry lives in Byron and serves families mainly in the London area. Kerry firmly believes that her clients' interests are best served by continuously educating them on new strategies and products, including alternative investments. A financial planner at heart, Kerry loves to rework numbers and find the best plan specifically tailored to each client.

Kerry has adopted an innovative investment philosophy during her 22 years as an Investment Advisor. She believes in “disinheriting the CRA” for tax minimization strategies, using de-accumulation plans for retirement cash flow and wealth accumulation plans, so that you can work because you want to – not because you have to.

Kerry has an immense amount of training and qualifications under her belt, including the CIM designation, CFP designation, WME, CSA, CSC, CPH, as well as the LLOP. She is also a Member of the London Estate Planner's Council.

In addition to the care and pride Kerry has for her clients and career, Kerry is a friend, a colleague and a mom of three, who enjoys the outdoors, yoga, and any sport you can imagine. We are excited to have Kerry as part of our team and looking forward to assisting her serve and grow for many years!



Employee Spotlight Congratulations Christine!

Green Private Wealth Counsel is proud to announce that Christine passed both her CSC and CPH exams to become a Licensed Assistant. Christine has over 12 years of experience in the finance industry. After graduating the Business Administration – Financial Planning course at Conestoga College, Christine obtained her Financial Management Advisor (FMA) designation through the Canadian Securities Institute (CSI). Born and raised in Woodstock, Christine has a strong passion for her local community and its residents. She currently resides in Woodstock with her husband and daughter.

Introducing Laurier Private Equity – Invest Like a Pension

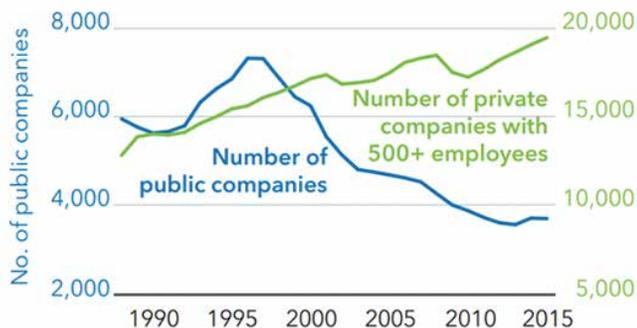


David Harris
CFP®, CIM® | Portfolio Manager, Director Private Client Group

In January, we advised you of our newest investment opportunity and depending on the portfolio, we made an initial allocation of between 5% and 8% of client accounts over \$50,000 to this new investment pool. We want to explain in more detail why we have taken this step and how we believe it will help us achieve more consistent stable returns for your investment portfolio.

What is Private Equity?

The Private Equity Market is made up of thousands of companies worldwide that are privately owned and funded by pension funds, endowment funds, and wealthy investors through financial institutions. These companies are not publicly listed or traded. According to Investopedia, the value of private equity firms was approximately \$3.9 trillion in 2019. This represented an increase of over 12% from the year prior. There are more than 20,000 private companies employing 500 or more people in the U.S. today according to [Blackrock \(see below graph\)](#). This is up from only 5,000 in the 1990s. While there are more private companies today, the number of large public companies has fallen dramatically over the same time. Finding a way to access this growing market is critical to your investment success.



Sources: BlackRock Investment Institute, with data from U.S. Census Bureau - Statistics of U.S. Businesses; Droidge, Karolyi, and Stulz (1988-2012); Wilshire Associates (2013-2014)

Who is Investing in Private Equity?

In reviewing the annual reports of large pension funds in Canada, and endowment funds such as Yale in the U.S., you will see a significant allocation to Private Equity. For example, The Ontario Teacher's Pension plan reveals an allocation to non-public equity of 19% in their 2019 annual report. The Canada Pension Plan has an allocation of 23.7% and the Yale Endowment fund has an allocation as high as 37% to PE. These allocations have been increasing over the past decade as their

boards look to identify the best way to grow and protect their capital. Recently reported on CNBC – Tiger 21 investment group has also indicated that their member allocation is 23% in private equity. The average Canadian Investor has 0% allocation to this asset class because they either do not qualify as an accredited investor or do not have the significant capital required to meet the high minimums, often \$200,000 or more.

Why Invest in Private Equity?

Lower volatility and higher returns; because Private Equity is not traded daily, it is not subject to short-term volatility associated with the public markets. Take, for example, the wild ride Gamestop shares have been having recently. In late January, Reddit forum users caused the share price to rise from \$17 to over \$340 per share before falling back to \$50 simply by creating a villain of the Wall Street short sellers who bet on this company falling in value. The stock price movement had no correlation to company earnings or outlook. It simply became a beach ball for market participants to try to keep afloat. Ultimately, there were thousands of winners and losers on both sides of the trade. Fear of a more widespread impact of this "Reddit movement" created a pullback in the public markets in a short period. This is just one example, but there are reports daily that create short-term volatility in public companies. We can use volatility to your benefit, as it allows us to find quality companies at a discount to improve returns, but a combination of public and private equity can work to achieve those goals with less volatility.

Private Equity is not valued daily, so the share price does not reflect short-term volatility. Without the daily noise of public markets, management teams can be more focused on increasing shareholder value for the long-term. Private Equity has shown to provide better returns to investors over the long-term. As this chart (top of page 5) from Factorresearch.com shows, Private Equity has significantly outperformed Public Equities since 1988 and it has done so with less volatility.

During the Credit crisis in 2008 - 2009, the S&P 500 dropped significantly further than the Private Equity Index and took years longer to recover. We see a similar pattern in 2000 - 2003 (dotcom bust) and in late 2018 in the chart on page 5. Research by Blackrock and Bloomberg show that as you increase the allocation to PE in a typical balanced portfolio and reduce the public stock and bond exposure, the volatility of the portfolio (risk) declines and the investment returns increase. This aligns well with our core philosophy of increasing returns, not risk.

U.S. Private Equity Returns versus S&P 500

Source Reuters - <https://www.reuters.com/article/airbnb-ipo-idUSKBN28K261>

9,000

900



Private companies are staying private longer and coming to market more fully valued than in the past. As an example – Airbnb, a successful private company founded in 2008, went public in December 2020 at \$68 per share generating \$3.5 billion of return for the private shareholders. Once the stock was trading in the public markets, the price rose to over \$170 per share, bringing the company valuation to over \$100 billion. This was five times the value of the company at the start of the pandemic, a significant pay day for private shareholders.

Source Reuters - <https://www.reuters.com/article/airbnb-ipo-idUSKBN28K261>

What Are the Risks of Private Equity?

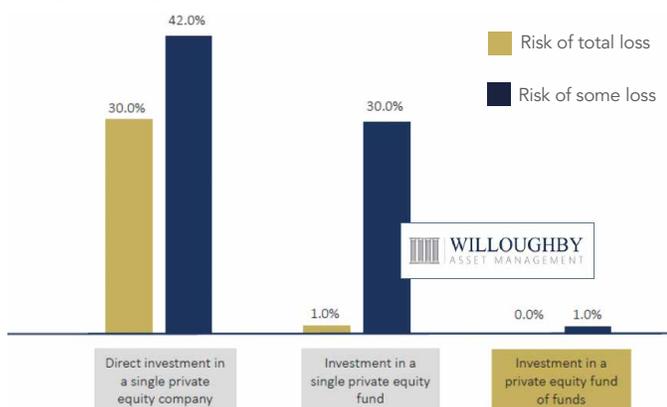
Liquidity and concentration risk are among the biggest risks in Private Equity. Private companies move through various stages from start up to public offering and require injections of capital along the way, each with varying degrees of risk. Early startup companies require venture capital and incur significant risk. We have focused investments in the Laurier Private Equity Pool on investing in later stages, within a year or two of the initial public offering (IPO). This is the least risky time to invest, as the

companies tend to be preparing for the IPO and have acquired the appropriate management teams, established market share, and have a clear direction.

Liquidity can be an issue as private companies use investment dollars to increase company value, so funds are not available to be repaid on demand such as the case with public equities. There is also no secondary market to trade the shares in. In addition, during the early stages of development, dividends are not paid.

To reduce risk and increase liquidity, the Laurier Private Equity Pool (the “Fund”) uses a fund of fund structure. The portfolio managers for the fund have identified eight managers that meet the portfolio criteria and will allocate funds across these managers. This allows the Fund to diversify your investments across geographic regions, by company size and stage of growth and gives investors access to over 135 private companies at present, with a list that is growing monthly. Through firms such as Blackrock, Invest X and Fiera Comox, the Fund has assembled a best-in-class slate of managers for our clients.

A Hybrid Approach to Private Equity Investing Significantly Reduces Risk



Source: Weidig and Mathonet Report, “The Risk Profiles of Private Equity”, January 2004

This fund structure allows the Fund to provide quarterly liquidity, subject to an early redemption fee in the first 365 days. For long term investments in all types of accounts, this is an incredibly great opportunity to reduce risk and improve returns in your portfolio. You will see in your account statements, that the price of the Laurier Private Equity Pool will be adjusted quarterly at the end of the month, following the Quarter End. For example, you will see the first price adjustment on your statements at the end of April.

We will continue to be innovative in bringing you best-in-class investment solutions, allowing you to reach your goals and enjoy your retirement.

The comments and information pertaining to the Laurier Private Equity Pool (“The Portfolio”) are not to be construed as a public offering of securities in any jurisdiction of Canada. The offering of units of The Portfolio is made pursuant to the Offering Memorandum and only to investors in Canadian jurisdictions. Important information about The Portfolio is contained in the Offering Memorandum available through Willoughby Asset Management.

Tax Season is Upon Us – What You Need to Know

Gary Armstrong | CPA, CGA Strategic Tax Specialist

'Spring is in the air' means different things to different people, but for all of us, it means tax season is upon us. 2020 was a year unlike any other. There are various changes to reportable taxable income, tax credits and the general administration of tax returns related to COVID-19 we'd like to share with you.

Taxable Income – Amounts Received

Individuals may have received the Canada Emergency Response Benefit (CERB) during the year. These amounts need to be reported on your tax return in the year you received them. You should receive a T4A or a T4E with the taxable amount you need to report. You can also find the slips on your CRA MyAccount.

Current Programs Still Available:

The self-employed or corporations may have received business support through the Canada Emergency Wage Subsidy (CEWS). The amount received has to be included as either income or a reduction to your expenses.

The government provided Canada Emergency Business Account interest-free loans (CEBA) to support businesses affected by COVID-19. These loans included a portion that will be forgiven and this amount must be included in income.

Some individuals may have continued to receive payments under the Canada Recovery Benefit (CRB) in 2020 or into 2021. You should be aware that some, or all of the CRB payments may need to be repaid, if your adjusted net income is greater than \$38,000.

The Canada Recovery Caregiving Benefit (CRCB) is made available for people not able to work because they are caring for their child as their school, regular program or facility is closed.

The Canada Recovery Sickness Benefit (CRSB) is made available for people not able to work because they are sick or self-isolating.

The Canada Emergency Rent Subsidy (CERS) is for businesses, non-profits and charities that have seen a drop in revenue



during COVID-19 and has commercial rent or property expenses.

Tax Credit – Work from Home

The government has announced a new simplified work from home credit, available for those who had to work from home for more than 50% of the time over a four consecutive week period, due to the COVID-19 pandemic. This simplified credit allows you to claim up to \$2 per day for a maximum 200 days (\$400), without keeping supporting documentation or calculating the workspace. The days that can be counted are days you worked full-time or part-time hours at home. Vacation and sick days off do not count.

Administration – Electronic Signature of Form T183

The CRA has announced that they are extending the temporary measures for electronic signatures for Form T183. The electronic signatures will be accepted if the taxpayer signs using the electronic address on file in person on an electronic device or through a secure, controlled website.





Employee Spotlight Congratulations Dan!

Dan has successfully completed the national CFP Certification exam, an achievement he has worked towards since the beginning of his education and it is recognized around the world.

The final step in becoming eligible to obtain his CFP designation is demonstrating three years of qualifying work

experience, two of which have already been completed with his work here at Green Private Wealth Counsel.

Dan graduated from the three-year Business Administration – Financial Planning program at Conestoga College in 2019. He was born and raised in the small town of Strathroy, Ontario as the second youngest in a large family of seven.

In his spare time, Dan enjoys playing beach volleyball and going to the gym. The need for blood is always high, so he likes to donate every two to three months.

Share the Green

9th Annual Gems & Java Fundraiser Virtual Home Edition!

Gems & Java Home Edition was Mothers With a Heart for Ethiopia's response to COVID-19. The volunteers never once thought about not having Gems & Java, it was a question of "what can we do to make our flagship event happen?". With the incredible support from Bob Breen of Armor Pro Audio Visual Inc., Dave Wettlaufer of River Valley Studio and the dedicated volunteers, Mothers With a Heart for Ethiopia put together a virtual program that was incredibly well-received.

Green Private Wealth Counsel was impressed by the quality of the Gems & Java Home Edition program. The excellent work of the volunteers of the organization made this event an excellent virtual fundraiser, surpassing expectations during these unprecedented times. Green Private Wealth Counsel is so proud of everyone involved. We are sure that this program will have a big impact in the lives of women and children in Ethiopia.

Gems & Java Home Edition raised \$83,000 and although the virtual event did not raise what the in-person Gems & Java typically raises, everyone is thrilled by the response and the success.

COVID-19 did not stop the Gems & Java volunteers. They did not allow the restrictions of the pandemic to stop them from caring and showing compassion to the women and children in Ethiopia, who need our support now more than ever.

Mothers With a Heart for Ethiopia would like to thank Green Private Wealth Counsel and Harbourfront Wealth Management for their very generous support of Gems & Java and all those who donated to make this success possible!



If you are interested in learning more, or would like to view the Gems & Java Home Edition, please visit: motherswithaheartforethiopia.com.



Veal Meatloaf

with Vegetables & Chickpeas

INGREDIENTS:

Meatloaf:

- 2 lbs of ground veal
- 1 beaten egg
- 3/4 cup oats
- 1 tablespoon garlic powder
- 1 tablespoon onion powder
- 1 teaspoon dried thyme
- 1 teaspoon paprika
- 1 teaspoon mustard powder
- 1 teaspoon dried oregano

Side:

- 1 teaspoon Olive oil
- 500 g Fajita mix (peppers & frozen onions)
- 150 g frozen corn
- 150 g green beans
- 1 cup canned chickpeas
- 1/2 teaspoon chili powder
- Salt
- Pepper

Sauce:

- 1/3 cup Ketchup
- 1 teaspoon brown sugar



Chef's Corner

with Chef Rob Bartley
Portions: 6

A recipe we did early in Fall 2020 as part of our Community Feeding Program at the Rogers Arena, home of the Vancouver Canucks.

“As of March 17, 2020, Rogers Arena came to a screeching halt due to the world wide pandemic. Hockey games and concerts were immediately cancelled and we found ourselves overwhelmed with the massive amount of food we had in our building. Through the support of our Ownership (Aquilini Investment Group), we quickly pivoted to put all that food to good use and help feed our community at large here in the Greater Vancouver Area.

The need for community support was massive, so we created a plan to feed our community on a larger scale. We began making food for three separate groups: Salvation Army; Downtown East Side; and The Greater Vancouver Food Bank. To date, we have produced over a half a million meals (550,000) and we are continuing on!”

METHOD:

1. Preheat the oven to 350° F (180°C).
2. Defrost the vegetables before starting.
3. In a small saucepan over low heat, heat the ketchup and brown sugar, then set aside.
4. In a bowl, mix very well all the ingredients needed for the meatloaf.
5. Place the mixture in a pan for the oven.
6. Brush the meatloaf with the ketchup and brown sugar glaze.
7. Bake for 1 hour.
8. Meanwhile, rinse and drain the chickpeas in cold water.
9. In a non-stick skillet, heat the side vegetables with the chickpeas, and add chili powder. Season with salt and pepper and let simmer for 5 to 10 minutes. Set aside to serve with meatloaf.
10. When meatloaf is cooked, allow it to cool for 10 minutes.
11. Slice portions and serve with the prepared peppers, corn and chickpeas.

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