

# STRATEGIES



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## COVID-19 winners and losers in the market

- Expect the unexpected
- Upside down recession – the winners and the losers
- How it all stacks up – post pandemic possibilities

Back in May when the weather was nicer, a colleague of mine saw an ad from a local retailer for Adirondack chairs and decided to treat themselves. At \$400 per chair, the price was not cheap. They were told it would be six weeks for delivery as the retailer was sold out and had to order from the factory in a different province.

After multiple enquiries to the retailer and manufacturer, my colleague learned there was a surge in demand that the

manufacturer has never seen before. Orders are up 350% and production at the factory is down due to COVID-19 protocols. My colleague is still waiting and will be lucky to have their chairs by next spring.

### Expect the unexpected

What's notable about this story is that it's so unexpected. Why would a chair manufacturer see such a huge uptick in demand during the greatest economic

### Editor's Note

It's been a complicated year which, for many, has lead to some complicated financial challenges. That's why this issue of Strategies is taking a back-to-basics approach for financial literacy month. Just as adequate rest, water and nourishment help you take care of your physical health, proper budgeting and sticking to a sound, long-term portfolio plan are some of the core ways that you can stay financially fit.

And like any fitness plan, goals are best met when supported by the guidance of a truly great coach. To help us support you in your investment goals, Scott Blair has been appointed as our new Chief Investment Officer – a role he took on as of November 1, 2020. Scott has over 25 years of experience in the financial industry with demonstrated leadership in portfolio management, investment management, asset management and equity research. He's also fiercely dedicated to making sure his people have the support they need to do what they do best – help you achieve financial success.

Check out Scott's commentary, *COVID-19 winners and losers in the market*, in this issue of Strategies. It includes his insights on the up and down sides of Covid, and his view on post pandemic possibilities.

Lucy Conte  
Editor-in-chief



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downturn of our lifetimes? This is the opposite of what should happen in a recession.

Ordinarily, a recession brings opportunities for those who have money to spend, but this time has truly been different. The amount of stimulus injected into the global economy by governments and central banks has turned manufacturers and retailers of many non-essential goods into COVID-19 stock market winners.

Usually, we see lower personal income, a weak housing market and higher bankruptcies in a recession. This time, the opposite has occurred. Incomes are up, thanks to government handouts, and with nowhere to go (literally), consumers are spending that money on renovations, RVs, fitness equipment and (apparently) chairs among other things.

## The winners

This uptick in household spending on goods has been so dramatic that U.S. consumers are now spending more on goods than they did pre COVID-19 (the trend is similar in Canada). It took more than four years for household spending on goods to recover after the last recession. Home Depot reported 23.4% same store sales growth this summer (quarter ended August 2). This means that if a store did \$1M in sales for the summer of 2019, that same store did \$1.234M this summer. That's an unbelievable increase for a mature retailer. By comparison, same store sales were negative for four straight years during and after the last recession.

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**“Technology enabled this shift and it has been a clear winner.”**

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Of course, the biggest COVID-19 winners have been in technology. Although we question the valuation of many of these names, it does make sense that technology has led the market recovery. After all, society not only moved to work from home, but we



moved to everything from home including shopping, exercise, and entertainment. Technology enabled this shift and it has been a clear winner.

## The losers

The COVID-19 losers are also obvious. Anything to do with being outside the home has been hit hard. Household spending on services have fallen off a cliff. Flights, hotels, eat-in-dining and sporting events are a few examples of businesses that have been truly devastated. Spending on services held in well during the last recession, but is still down 7% this time around.

The Energy sector has been another loser. If people aren't leaving home for work or fun, then they're not consuming as much energy. Demand is down around 10% for oil globally, and many smaller energy firms that trade in the stock market are down well over 50% on a year-to-date basis.

## How it all stacks up – post pandemic possibilities

So how will our winners and losers stack up in a post-pandemic world? If we're back to normal next summer, there will be lots of pent-up demand for travel and experiences. Consumers will likely shift spending patterns towards services such as travel, hotels, and live events and away from goods like patio furniture or renovation equipment.

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**“There will be lots of pent-up demand for travel and experiences.”**

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We'll be commuting more regularly, meeting up with friends and shopping

outside the home. The increased level of activity will be positive for the oil industry and we could see much stronger pricing as we move from a surplus to a more balanced market. The Technology sector will likely continue to grow, but just not at the breakneck pace we've seen in 2020.

2020 has been a year that will be tough for the COVID-19 winners to beat in 2021. The bar is very high. For the COVID-19 losers, things cannot get much worse than 2020 and, in fact, are likely to get much better when the world returns to a semblance of normality. In other words, this year's winners could be next year's losers and vice versa.

With investments, we need to expect the unexpected. The best protection from the unexpected is to build diversified

portfolios of quality firms, trading at reasonable valuations. This helps protect capital in rocky markets, and ensures a strong upside when the markets are calmer.

*Scott Blair  
Chief Investment Officer, CWB Wealth Management*

*Scott Blair has over 25 years of experience in the financial industry, with expertise in portfolio management and equity research. As Chief Investment Officer of CWB Wealth Management, he develops, executes and oversees the investment philosophy that guides the firm's investment teams, asset allocation and internally managed investment solutions.*

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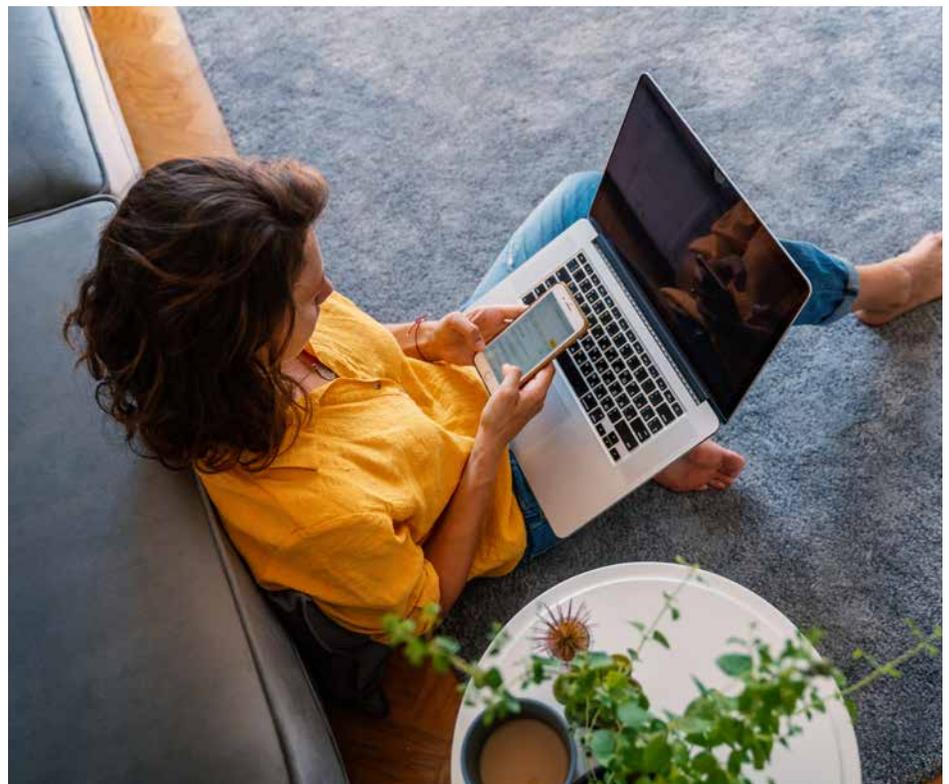
**“This year’s winners could be next year’s losers and vice versa.”**

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## Supporting millennials in financial wellness during COVID and beyond

Dealing with the COVID crisis is challenging for all of us. For millennials, however, it's a double whammy.

They lived through the Great Recession of 2008/09, and many emerged from post-secondary education with big student debts and limited employment opportunities. Now, amid an ongoing pandemic, they're facing various employment, social and mental health challenges of the Great Lockdown.



Keeping track of cash flow through budgeting may add to those challenges – but it doesn't have to. Learning how to properly budget, with some guidance from a financial expert, can help them achieve their financial goals during and beyond the COVID-19 crisis.

### Millions of millennials

First of all, who are millennials? While many Canadians think millennials are in their 20s, this generation in fact comprises a wide range of ages and stages. By standard definition, they're born between 1981 and 1996, and are now between 24 and 39.

Figures from [Statistics Canada](#) show there are approximately 10.4 million millennials in 2020, and they outnumbered Baby Boomers for the first time in 2019. Dig a little deeper and you find there are just over 2.6 million Canadians between the ages of 34 and 39, thus being the “senior” millennials.

As a whole, they’re juggling careers, children, aging parents and considerable uncertainties about today and what lies ahead. While they have a variety of needs and experiences, they share common concerns about money. A [recent survey by the FP Institute](#) illustrates those concerns:

There are several reasons behind this, with job instability being among them. Broadly speaking, concerns about money – how to earn it, spend it, save it – underpin the worries that millions of millennials contend with when it comes to budgeting.

### The value of a personalized approach

As these numbers suggest, budgeting can be stressful when balancing unexpected expenses, debt repayments and irregular earnings, while also trying to save for your children’s education and your retirement. So, where to start, and what comes next?

Whether you’re spending on groceries or saving for a home renovation, it all starts with learning to manage your cash flow. Do you fully understand what’s coming in, what’s going out, and why you’re spending in the first place? These are fundamental questions, the answers to which might reveal some immediate opportunities to find savings that can be used to start that renovation or ramp up your savings.

This is where personalized help with budgeting pays off. Consider it this way.

Having grown up in the internet era, millennials are accustomed to buying things

online and using a variety of payment apps to do so. This digital-first instinct might work well when paying for coffees, housewares and clothing, but is not necessarily for good budgeting advice. For instance, many of the employers we work with subscribe to *ProsperiGuide*, T.E. Wealth’s proprietary digital tool, for their employees. It not only gives employees a personalized budgeting checklist to follow and return to, but also provides educational content designed to teach them how and why budgeting is so important. This is balanced with guidance from our certified consultants by way of seminars and one-on-one financial counselling.

When it comes to investment advice, online robo-advisors can provide quick and easy suggestions, but fall short when it comes to providing comprehensive, personalized advice in the broader context of an individual’s particular circumstances.

Amid so much uncertainty, the millennials my colleagues and I work with seek the peace of mind that comes in speaking directly with an expert financial planner who truly understands them, their long-term goals and their family situations. In other words, they can buy their Venti lattes



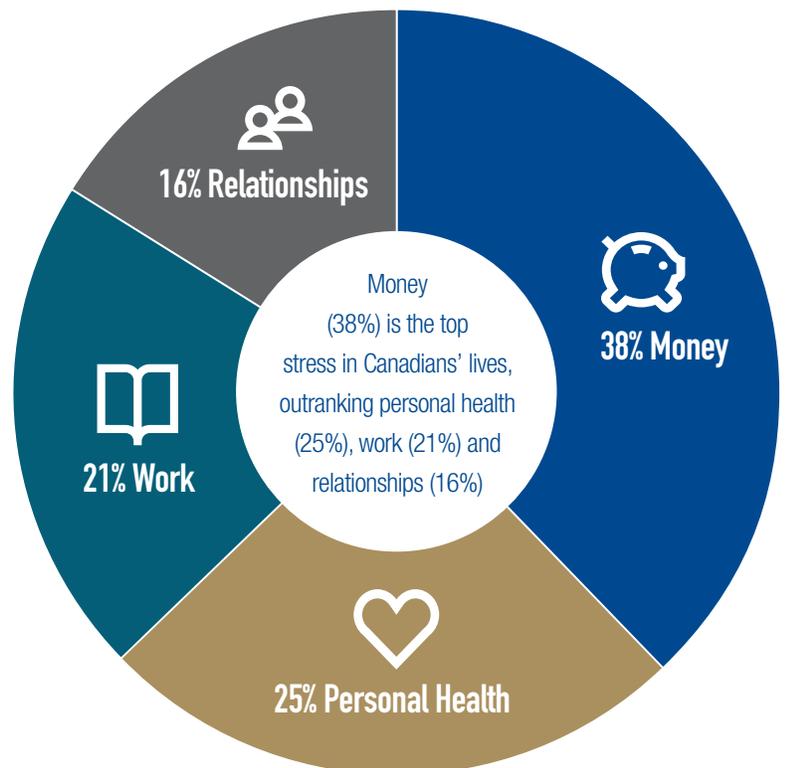
Younger Canadians (under 35) are significantly more likely to have lost sleep due to money stress than those over 35 (55% to 46%)



Half of Canadians (49%) have lost sleep over financial worries

**x2**

Those who say the COVID-19 pandemic has financially impacted them, are twice as likely to say they have lost sleep



at lightning speed with their phones, but they want human connections built on trust, expertise and experience when it comes to managing their cash flow (budgeting) and the broader aspects of financial planning.

## More than the millennials

Many millennials have [moved back home during the pandemic](#), which means budgeting is crucial for their siblings and parents too. Countless households have expanded over the last several months, with multiple generations moving under the same roof. Money can get as tight as space, putting a premium on good budgeting discipline for everyone.

We understand these family situations because many of our clients have millennial children. In customizing and executing the financial plans of the parents, we always factor in the current and expected needs of everyone in the family today, and for years

to come. Budgeting for their children is often front and centre in discussions about those plans. This is particularly important when it comes to talking about legacies and wealth transfers down the line. It's not uncommon for conversations about the fundamentals of budgeting to stimulate some interesting and candid discussions among family members about financial planning for significant life events. This is one way that an online robo-advisor falls short.

We see similar dynamics at play when [offering financial education services](#) to our corporate clients, many of which employ millennials who take advantage of our education offering. Over the last several months, we've had more than 55,000 visits to our online ProsperiGuide program, which includes a budgeting tool and other helpful calculators. Our discussions about the importance of budgeting often lead to conversations about longer-term financial

goals and how to achieve them, which reassures both employees and employers alike.

## Financial goals are getting closer

The challenges of COVID are likely here to stay for a while. Making a new or renewed commitment to budgeting can help steer millennials towards a brighter future, and they don't have to be alone in that journey. Working with a financial planner can identify quick wins today and longer-term wins tomorrow through a customized plan.

[Ask us](#) how our private and corporate client services can help you or your employees make more informed decisions to further financial goals.

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*Mariana Paltanen*  
CFP Financial Planning Consultant  
T.E. Wealth

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# How to beat the wintertime COVID-19 blues

The COVID-19 fuelled transition to living life online versus in person has been dramatic and lightning-fast. If you'd already transitioned to life online prior to COVID, things may not be all that different. But if you don't normally spend much time online, it may be worth venturing into that realm so you can enjoy art exhibits, concerts, and maybe even do a little virtual travel.

To help you get through the winter blues, we've sourced a few points of interest that you may want to check out. And for those who still shy away from fully embracing the joys of the internet for fear of security risks, we've also included some tips for increasing your online security.

## Check out these online activities:

### Art galleries and shows

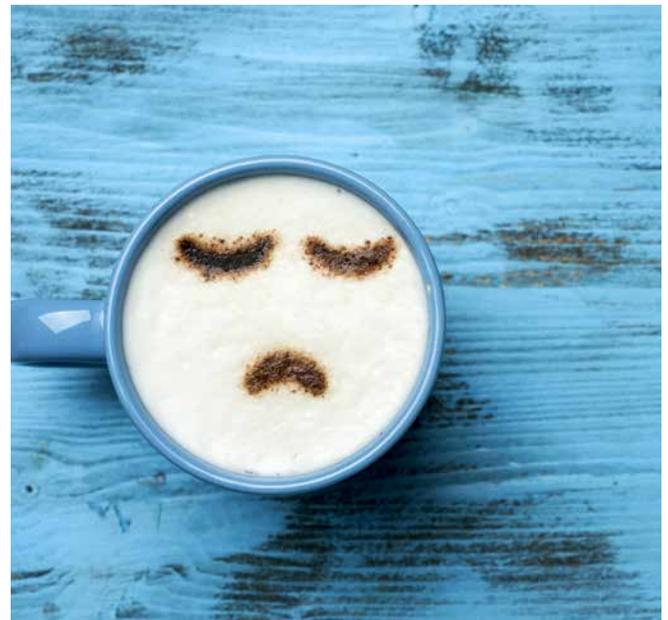
If viewing art has been a big part of

your life, you can see some of the world's finest art and museum collections from the comfort of your own home. While doing so, build a list of must-see-live venues and exhibits once travel becomes viable again. Online exhibits can include gallery walking tours, videos and slideshows, and provide information on various artists and their work. Consider virtual visiting the [Guggenheim](#), which features over 1,700 works by more than 625 artists. Their online collection

presents a searchable database of selected artworks from the museum's permanent collection.

For contemporary art lovers, The Broad, based in L.A., offers videos, curator talks, family workshops and online music, poetry and conversation. Watch the [Light and Space video](#) for a glorious look at their beautiful gallery building.

Combining art and history, the [British Museum](#) provides online access to almost



four and a half million objects from around the world.

If supporting local or Canadian initiatives is your thing, check out the [Canadian Museum Association's list](#) of museums and galleries across the country.

## Music

Although not “live” in the literal sense of the word, you can see some of the finest music in the world being played live from your computer screen. Both free and paid performances are available, and are a fraction of the cost of attending a live performance.

Choose from experiences like opera from the stars of [the Met](#) for \$20 per concert, [Bachtrack's](#) classical music from around the world, and if current music is what you are looking for, try [Billboard](#) to find out about upcoming concerts and events. Or, just Google your favourite music type and add the words “live online”. If you don't care whether the music is actually live, YouTube, Spotify and iTunes have previously recorded live concerts of music from most genres.

If you want to dive in a bit deeper, try [Internet Archives](#) where you can find millions of audio files as well as free books, movies, software and more.

## Travel

While virtual travel isn't remotely the same as being there, the internet is packed with tours of the world. It may only satisfy some of your wanderlust, but what a great

way to find out more about where you'd like to go next!

Thrillist has put together an impressive list of virtual travel options in the article, [Armchair Experiences That Let You Explore the World From Your Living Room](#). Experience the Maldives, meander through some of the creepiest places in America or get an astronaut's eye-view of earth. Their extensive list of options for exploring the world and beyond is virtually unlimited.

## Staying safe in Cyberland

### Don't open fraudulent links

Online scammers are getting more sophisticated all the time. However, there are simple things you can do to make your online activities safer. Basic precautions include never responding to or clicking on links from suspicious looking emails or texts. If you do get an email asking you to click on a link or provide information, first check the sender's email address to see if there are any anomalies like a misspelled company name. If the sender's email address looks legit, also check the subject line or the text within the email as typos are common for scammers.

Even if the email seems fine, if a person or a company is asking you to click on a link and you're not expecting that email, do not click on the link until you've confirmed with the company that they've sent it to you. Get the company phone number from their website, not from the email itself. Once you've deemed an email as a threat, delete it from your inbox and your trash.

## Install operating systems and application upgrades

Upgrades are often developed to stay one step ahead of potential cyber threats and should be applied as soon as they become available.

## Use a password manager

Most people use the same password for more than one website, so if even one of those accounts is compromised, hackers can easily get into your other accounts. Password manager tools generate and store complex passwords because the ones you think up are normally easy to compromise. They're stored in a centralized encrypted online vault so that you don't need to write them down. Consider using 1Password or LastPass.

Although the web has its downsides, the upsides can be endless. You can wake up in the morning and travel to another country before breakfast, and go to a world-class opera at the end of your day. Of course, these suggestions are just the tip of the iceberg. Consider trying fitness classes, bridge games, shopping, learning to do just about anything and joining communities of people who are interested in the same things you are. And with all the extra money you'll be saving from partaking in free or low-cost activities, you can get advice from your financial planner on what to do with it.

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*Terri Carson is a marketing and digital strategist, and a fan of life online. Find out more about her on [LinkedIn](#).*

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