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## B U I L D I N G W E A L T H

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## MORE VOLATILITY TO COME

*By Gordon Pape, Editor and Publisher*

If you're trying to make sense out of the gyrations of the stock market, stop right now.

There is no sense to be made, and no certainty, in the current situation. Investors are over-reacting to every news headline, driving indexes up or down on the latest announcement or even rumour.

Look what happened last week. The Dow gained 1,294 points on Monday, as bargain hunters moved in. It dropped 786 points on Tuesday, as reports of new coronavirus outbreaks spread. On Wednesday, investors were in a bullish mood again, spurred on by the Federal Reserve Board rate cut and the diminished chances that Bernie Sanders would be the Democratic nominee for president. Led by health insurance stocks (including UnitedHealth Group, one of our recommendations), the Dow rebounded by 1,173 points. On Thursday, California declared a medical state of emergency and the Dow sank almost 1,000 points. The sell-off continued on Friday, although not quite as aggressively.

We have not seen this kind of volatility in a long time. On Friday, the CBOE Volatility Index touched 54.39 at one point, its highest mark since the financial crisis of 2008.

We should expect more of the same going forward. These are going to be difficult days for investors.

It's impossible to predict the future in this environment but here's what I expect to happen going forward.

*Things will get worse before they get better.* The Bank of Canada said as much in announcing a half-point rate cut on Wednesday. "COVID-19 represents a significant health threat," the Bank said. "It is likely that as the virus spreads, business and consumer confidence will deteriorate, further depressing activity."

*The number of confirmed cases will grow exponentially.* Last week I asked a Florida doctor who runs a large medical clinic what she would do if someone walked in displaying COVID-19 symptoms. "I'd have to send them elsewhere," she said. "We have not received any test kits for the virus."

That comment speaks to the state of unpreparedness in the U.S. and suggests that the number of infected people in the country may be far

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**Volatility – continued from page 1...**

higher than reported. The state of Washington now believes the virus was circulating there for weeks before it was finally detected.

Vice-President Mike Pence, who is co-ordinating the Trump Administration's Task Force on virus response, admitted that, while more test kits are being distributed, they are still in short supply. Meanwhile, the guidelines of who should be tested have been broadened. The end result, once more kits are available in the coming weeks, will probably be a big spike in the number of confirmed cases.

*Interest rates will go lower.* The half-point drops in the U.S. and Canada last week were greater than expected but may just be the beginning. If health and economic conditions worsen, we could see rates back at 2008-09 levels before year-end. "As the situation evolves, Governing Council stands ready to adjust monetary policy further if required to support economic growth and keep inflation on target," the Bank of Canada said.

That could conceivably mean that the negative interest rates we've seen in Europe and Japan could take hold here. "As it scrambles to protect the U.S. economy from the far-reaching fallout of the coronavirus, it can be expected that it (the Fed) could take rates back down to zero – emergency territory – in the next few months," said Nigel Green, CEO of the deVere Group, one of the world's largest independent financial advisory organisations.

"This then raises the spectre that the Fed will ultimately follow its peers in Europe and Japan by adopting negative interest rates." The result, he believes, would be to push up the prices of financial assets, including equities.

*Bond prices will rise.* As yields fall, bond prices rise. As of the close on March 5, the FTSE Canada Universe Bond Index was up 5.45% for the year, well ahead of the TSX, which is in negative territory.

*Interest-sensitive stocks will do well.* As rates continue to fall, interest-sensitive equities will perform better than the broad market, a continuation of what we saw in 2019. As of March 5, the S&P/TSX Capped Utilities Index was up 11.35% so far in 2020. The Capped REIT Index was ahead 6.74%.

*Gold remains a safe haven.* The price of gold moves steadily higher as virus concerns grow. As I write, it is over US\$1,656 per ounce, up 9% for the year. Readers should own at least one top-quality gold stock at this point. My personal favourite is Franco-Nevada (TSX, NYSE: FNV).

The take-away is that we are going to have to live with this uncertainty for many months. Make sure your portfolio is weighted towards bonds, cash, and defensive, dividend-paying securities, and hang on.

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## **CORONAVIRUS AND THE MARKETS**

**The coronavirus scare is roiling global markets. Contributing editor Gavin Graham has been keeping a close watch on developments and today offers an update. Gavin has enjoyed a long and successful career in money management and is a specialist in international securities. He held senior positions in financial organizations in London, Hong Kong, and Toronto. He is a Trustee of the Royal Medical Foundation Investment Committee. He divides his time between Toronto and the U.K. Here is his report.**

**Gavin Graham writes:**

The sudden plunge by stock markets around the world in the last week of February demonstrated how volatile investor sentiment has become. This is especially true as much of the trading is now driven by computer algorithms programmed to react rapidly to short-term factors, such as news headlines.

From hitting new all-time highs in the preceding week, the Nasdaq, S&P 500, and the Dow Jones indices all fell over 10% in five trading days. They were joined by the S&P/TSX in Canada and the FTSE 100 and Eurostoxx 600 in Europe. Japan's Nikkei 225 also fell sharply, although it is still well below its all-time high, hit as long ago as 1990.

The novel coronavirus, which causes the disease COVID-19, was first identified in Wuhan in Hubei province in China at the end of 2019. It has now infected about 100,000 people worldwide and counting. Major outbreaks have been reported in South Korea, Iran, and Italy. The fear of just how widespread the reach of the virus is and how deadly it may turn out to be has obviously panicked investors, as the number of cases continues to grow rapidly.

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**Coronavirus – continued from page 2...**

Sectors which were felt to be particularly exposed to the effects of the virus such as travel and manufacturing (due to the disruption of supply chains in China and South Korea) sold off by more than 20%. Investors rushed into perceived safe havens, with the yield on the benchmark U.S. 10-year Treasury falling to a record low last week and gold shooting back over US\$1,650 per oz.

After a weekend spent contemplating the likely actions by the authorities, investors jumped back into the market on March 2<sup>nd</sup> with major indices up 4-5%. The G-7 group of finance ministers of major economies met on Tuesday and said they are ready to provide whatever support to their economies was necessary to offset the effects of COVID-19. That failed to impress investors, but then the U.S. Federal Reserve announced an emergency 0.5% interest rate cut to a range of 1.00-1.25% later in the morning.

This was the first time the Fed had cut rates between meetings since the 2008 financial crisis. Chairman Jay Powell explained that “the spread of the coronavirus poses evolving risks” (to the U.S. economy). He made it plain that he was not contemplating other measures at this time but that co-ordination with the other G-7 economies was strong and could evolve further. However, the Fed noted the fundamentals of the U.S. economy remained strong and that the Fed was monitoring the situation closely.

This may remind some people of the comments made by the authorities during the Wall Street crash in 1929, with the obvious question being: If the economy is strong, why does the Fed feel the need to cut rates so dramatically in between meetings? The answer seems to be that Mr. Powell would rather be pro-active than reactive, as one of the major causes of the Great Depression in the 1930s has been identified as the Fed remaining too tight for too long.

Mr. Powell has shown flexibility before. He reversed policy at the beginning of last year, when having indicated that he might raise interest rates in 2019, he ended up cutting them three times. So, he’s shown a willingness to react swiftly when the data suggests that the economy is showing signs of weakness. He was at pains to stress that there was no political motive to the emergency cut, as the President has used the strength of the stock market as a vindication of his policies.

Interestingly, the market actually sold off after the cut, falling 1-2% as those who had anticipated an interest rate cut were apparently somewhat taken aback by its size. Should there be further weakness if the coronavirus spreads more aggressively, it doesn’t leave much room for further action.

On Wednesday, the Bank of Canada followed the Fed’s lead, cutting its overnight rate by half a percentage point, to 1.25%.

At least U.S. and Canada still have positive rates. The EU and Japan already have short-term rates that are below zero. That doesn’t leave many levers to pull to counteract the slowdown that is now hitting Europe and Asia. With Germany’s economy deriving almost half its output from exports of manufactured goods, especially to China, it seems likely that it may join Italy in a technical recession (two quarters of negative GDP growth).

The coronavirus is rapidly spreading, in contrast to SARS in 2003, which was essentially confined to China and southern Ontario. However, SARS had a higher death rate than COVID-19, at least on the evidence so far. Readers may recall that the effect, while extremely disruptive in the short term, was essentially over within six months.

Of course, China’s role in the global economy was much smaller 17 years ago, only accounting for about 4% of global GDP, as opposed to over 17% last year, and a large number of companies have moved their production chains to China or Asia in the intervening decades. As a result, the disruption to technology stocks such as Apple, which makes over 80% of its products in China or Taiwan is serious. Apple had to withdraw earnings guidance last week as did Microsoft, which most investors would have expected to be somewhat insulated as a software company. Automakers are amongst the worst affected, not only due to disruption of their supply chains, with Jaguar LandRover stating it was down to two weeks of components, but also from the collapse in sales in China, which has been the largest car market in the world for the last five years.

Travel stocks have been badly hit for obvious reasons. European airlines like BA and Iberia owner International Consolidated Airlines (IAG) and discount airlines easyJet and Ryanair were off over 20% at the end of February as they cut flights to the badly affected markets of northern Italy. Ryanair boss Michael O’Leary stated that the company, which is the largest operator in Italy, had cut flights by 25% through the end of March but were waiting to see whether the spread of the virus would be decelerating by the time the Easter season arrived in early April. The absence of Chinese tourists, which has been a major growth market for airlines and cruise companies, has also added to their woes.

The major point to emphasize in the midst of all the noise and confusion is that the drop in the markets so far probably discounts all but the worst-case scenarios for the spread of COVID-19. The theoretical exercise carried out by the U.K. government’s COBRA committee last week

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**Coronavirus – continued from page 3...**

estimated that up to 20% of the U.K. workforce could be required to stay home in the event of widespread transmission of the virus. So far around 60 cases have been identified there, almost all from travelers returning from affected regions such as China and Italy.

The OECD has reduced its forecast for global GDP growth to 2.2% from 2.9% for 2020, due to the collapse in Chinese production this quarter and the associated knock-on effects to supply chains and travel. Nonetheless, perhaps over-optimistically, brokerages are forecasting 5-7% growth in earnings per share in the U.S. this year. The stand-out exception is Goldman Sachs, which is now predicting zero profit growth in 2020.

If the sell-off in equities resumes, then it's reasonable to expect further rate cuts and support measures from the authorities. However, unlike in 2008-09, the problem is not a financial one, but a biological one. Until the number of COVID-19 cases peak, as they appear to be doing in China, investors will understandably be nervous of the unknown.

While SARS and the Ebola crisis in west Africa were much smaller in scale than COVID-19, they appear to have been deadlier. While the death rate appears to be around 2-3% amongst those identified as having the virus, if the numbers infected are up to 10 times higher, as some experts believe, then the mortality rate is only 0.2-0.3%.

The most concerning aspect of the coronavirus is its ability to be spread by carriers who have no symptoms (asymptomatic) while travelling, who then infect family members and those with whom they come into contact.

The current situation calls to mind other pandemics (which means an epidemic which spreads to more than one region). We think about the Black Death in the fourteenth century, which killed between one-third and one-half of Europe's population, or the Spanish flu of 1918-19, which killed more people than the First World War. But the present virus, while spreading rapidly, is much less lethal and appears to be primarily a threat to the elderly or those with pre-existing conditions.

As with SARS, while the short-term economic effect will be unpleasant, perhaps leading to a technical recession in a couple of regions, there should be a sharp recovery, with the postponed activities boosting the economy once the virus has been contained.

Sectors that have done well, apart from obvious safe havens like government bonds and gold, are interest rate sensitive stocks. These include utilities, REITs, and pipelines, demand for whose products will not be affected much, if at all, by the virus. Healthcare stocks are also an obvious place to look for potential beneficiaries, and the IWB covered a number of them last week. One that I would like to add to the list is a leader in the vaccine market. Details follow.

## **GAVIN GRAHAM RECOMMENDS GLAXOSMITHKLINE**

My recommendation today is to buy shares of GlaxoSmithKline, which trades in New York and London under the symbol GSK. Here is all the information.

**Background:** Glaxo, as GSK is commonly known, is one of the ten largest pharmaceutical companies in the world. Its particular strengths are in asthma/respiratory, HIV, and vaccines. It has the largest global over-the-counter (OTC) consumer healthcare division.

The OTC segment was formed by a merger of its consumer business with that owned by Pfizer last year. The combined business is No.1 in the U.S. and No. 2 in China, the two largest OTC markets in the world. Glaxo owns 68% of the joint venture and intends to demerge it from its pharmaceutical business and list it separately in the next couple of years.

**Performance:** In common with many established pharmaceutical companies affected by patent expirations, Glaxo is selling at approximately the same price as five years ago, although it has risen 25% over the last two

years. This gives it on a reasonable p/e ratio of 13-14 times and a dividend yield of 5%.

**Recent developments:** Glaxo reported a 9% rise in fourth-quarter sales to £8.9 billion and a 6% increase in earnings per share to £0.26. Pharmaceutical sales fell 5% to £4.55 billion, while vaccines sales were up 18% to £1.7 billion and consumer sales following the merger with Pfizer were up 35% to £2.6 billion. Within pharmaceuticals, respiratory sales were up 9% to £892 million, HIV sales were flat at £1.26 billion, and established pharmaceutical sales were down 15% to £2.17 billion.

CEO Emma Walmsley, who took over the top job from the consumer side, has focused investment and R&D on fewer drugs and leveraging the research platform better, while carrying out the Pfizer merger. She is looking to split the company into its two arms within two years, ensuring a higher rating for the pharmaceutical side.

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**GlaxoSmithKline – continued from page 4...**

The company is forecasting a 1-4% decline in earnings per share and maintaining its dividend for 2020.

**Coronavirus exposure:** In February, it was announced that Glaxo was contributing its adjuvant platform for pandemic vaccines to the Coalition for Epidemic Preparedness for the fight against COVID-19. The report stated that by using only small amounts of the vaccine antigen, output of vaccine does can be increased, giving researchers a crucial edge in pandemic situations.

The use of Glaxo's program would help scientists at the University of Queensland, who were conducting key pre-clinical experiments to assess the effectiveness of the vaccine for COVID-19 they are working on. As with Gilead

Pharmaceutical's new retroviral drug, which is being used in a trial in Wuhan, medicines originally designed to counter SARS and Ebola, an area of expertise for Glaxo too, may be effective in counteracting the coronavirus, although any vaccine will probably not be available before the end of 2020.

**Action now:** While Glaxo's short-term outlook is relatively unexciting, the potential for its vaccine division to contribute to the fight against COVID-19 and the newly merged consumer healthcare unit should ensure growth in revenues and earnings over the next couple of years. With the spin-off of the consumer unit, the remaining pure pharmaceutical business may enjoy a higher rating. Meanwhile, the 5% dividend provides support in a lower interest rate world. Buy. The shares closed in New York on Friday at US\$42.38.

## **GAVIN GRAHAM'S UPDATES**

### **iA Financial Group (TSX: IAG, OTC: IAFNF)**

*Originally recommended on March 31/13 (#21313) by Tom Slee at C\$37.36, US\$35.56. Closed Friday at C\$60.46, US\$46.95.*

**Background:** iA Financial Group (formerly Industrial Alliance) is the fourth largest life insurer in Canada. Founded in 1892, the Quebec City based firm became the largest non-bank wealth management advisory firm through its 2017 acquisition of HollisWealth from Scotiabank and now has \$34 billion in assets under management (AUM). In addition to life insurance, IAG also sells mortgages, mutual funds, and auto and home insurance.

**Performance:** The stock is up 19% since the last review in May 2019 but has slid about \$15 (20%) in the last month in the recent coronavirus inspired sell-off. However, it is still up almost two-thirds since the initial recommendation by retired contributor Tom Slee in 2013.

**Recent developments:** For the third quarter, ended Sept. 30, IAG reported net income of \$182.3 million. Earnings per share were \$1.72, up 15%. Core earnings per share were \$1.77, above the indicated range of \$1.55-1.65.

Return on shareholders' equity (RoE) was 12.7% over the last twelve months and its solvency ratio was 134% compared to 118% in September 2018 (higher is better).

In December, IAG announced the acquisition for US\$720 million of IAS Parent Holdings, one of the largest independent providers of vehicle warranties in the U.S. IAS provides a comprehensive suite of extended warranties

and software sold through 4,300 dealers in all 50 states and is complementary to the acquisition of Dealers Acceptance Corp. in 2018. Denis Ricard, CEO of IAG, noted the almost US\$39 billion market for extended auto warranties is highly fragmented and provides a significant opportunity for organic growth and consolidation.

The acquisition will reduce IAG's solvency ratio to 117% and be neutral to earnings in the first year after closing, which will be in the first half of 2020. It's expected to be accretive in the second year.

**Dividend:** As a sign of confidence, IAG raised its dividend 7.8% to \$0.485 a quarter (\$1.82 per year) from \$0.45, giving it a yield of 3%.

**Action now:** Selling at nine times forecast earnings, IAG is cheap compared to its own past valuation and other Canadian life insurers. It remains a Buy.

### **Manulife Financial (TSX, NYSE: MFC)**

*Originally recommended on Feb. 5/12 (#21205) by Tom Slee at C\$12.34, US\$12.42. Closed Friday at C\$21.55, US\$16.06.*

**Background:** Manulife is Canada's largest life and health insurer by market capitalization. It has operations in the U.S. under the John Hancock banner and a large and growing presence in Asia. It has approximately 34,000 employees, 82,000 sales agents, and a number of distribution partnerships with leading financial institutions, especially in Asia.

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**Gavin Graham's updates – continued from page 5...**

**Performance:** The share price is down 9.5% from the most recent review in May 2019 and down \$5.50 (20%) in the last month due to the coronavirus sell-off. It has almost doubled since being originally recommended by retired contributing editor Tom Slee in 2012.

**Recent developments:** Manulife reported net income of \$5.6 billion for 2019 (\$2.77 per share). That was up 16.7% from the previous year (\$2.33 per share). Core earnings after extraordinary items were \$6 billion, up 5% (\$2.97 vs. \$2.77 per share), driven by continued double-digit growth in Asia.

Return on equity was 12.2% in 2019 and core RoE was 13.1%. Its LICAT solvency ratio was 140%, down slightly from 143%, and its book value rose 8.7% to \$23.25.

Manulife's insurance business delivered 15% growth in new business value. Challenging market conditions saw its wealth and asset management business (WAM) experience outflows of \$0.9 billion against inflows of \$1.6 billion in 2018, but it enjoyed net inflows of \$4.9 billion in the fourth quarter of 2019 against net outflows of \$9 billion in the same quarter in 2018. It finished 2019 with \$681.4 billion in AUM compared to \$608.8 billion at the end of 2018.

**Dividend:** Management demonstrated its confidence with a 12% increase in its quarterly dividend to \$0.3136 (about \$1.25 a year), giving it a forward yield of 5.8%.

**Action now:** The stock sells for less than eight times estimated 2020 earnings, and at a 4% discount to its book value. It offers exposure to the fast-growing Asian middle class. Manulife is cheap and remains a Buy.

**Genworth MIC (TSX: MIC, OTC: GMICF)**

*Originally recommended by Irwin Michael on Aug. 9/10 (#20128) at C\$25.54, US\$24.85. Closed Friday at C\$47.93, US\$35.48.*

**Background:** Genworth MIC is part of the duopoly that, together with the government-owned CMHC, provides mortgage insurance for homebuyers who cannot afford a

20% deposit. While Genworth only guarantees 90% of the amount, as opposed to 100% for CMHC, it competes on speed and flexibility of service and by providing transparency of mortgage insurance pricing.

**Performance:** Genworth is down \$13.46 (22%) from its all-time high reached in January, due to the coronavirus sell-off. But the stock has almost doubled since being originally recommended by former contributing editor Irwin Michael in 2010.

**Recent developments:** Net mortgage insurance written for the year to Dec. 31 was \$19.3 billion, up \$1.6 billion (9%) compared to 2018. Premiums written on transactional insurance were \$677 million, up \$58 million (9%) due to higher volumes of new mortgages and a modest increase in market share. Overall premiums were \$678 million, flat with 2018.

Net income of \$426 million was down 6% but operating income of \$466 million was only off 2%. Earnings per share were actually up 2% at \$5.38, due to share repurchases.

New delinquencies reported were 1,444, up 69 from 2018 with increases in Alberta offset by reductions in Quebec. The loss ratio was 17% compared to 15% in 2018, with losses of \$116 million, which were \$16 million higher. CEO Stuart Levings always points out that the major driver of losses is unemployment, and with that number at a 45-year low, at 5.6%, the outlook remains favourable.

**Dividend:** The dividend was raised \$0.03 (6%) to \$0.54 a quarter (\$2.16 per year), giving the stock a yield of 4.5%. A special dividend of \$2.32 was paid in February, as Genworth continues to reward its shareholders.

**Outlook:** With the recent half-point reduction in the Bank of Canada's short-term rate to 1.25% and the easing of the stress tests for mortgages coming into force at the end of March, Genworth is set to benefit from these tailwinds.

**Action now:** Selling at 10.9 times forecast earnings and at a small premium to book value of 1.1 times, the company is both reasonably valued and set to see decent earnings growth. It remains a Buy.

## GORDON PAPE'S UPDATES

**Equitable Group (TSX: EQB, OTC: EQGPF)**

*Originally recommended by Irwin Michael on Aug. 10/08 (#2828) at C\$21.04. Closed Friday at C\$85.97, US\$66.16.*

**Background:** This company provides mortgage lending services to individuals and businesses in Canadian urban

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**Gordon Pape's updates – continued from page 6...**

markets, with a focus on entrepreneurs and new Canadians. It carries on operations through wholly owned subsidiary Equitable Bank, Canada's ninth-largest Schedule 1 bank, with total assets under management of over \$31 billion. Equitable Bank employs about 900 people.

Equitable Bank also has a digital banking operation, EQ Bank, with its flagship product being the EQ Bank Savings Plus Account.

**Performance:** The shares were trading comfortably in the \$110 range when the big market sell-off hit. Equitable's shares are down 29% from their all-time high of \$121.87. Investors are concerned the bank's loan portfolio is higher risk and could suffer defaults if the economy slips into recession.

**Recent developments:** The company recently reported fourth-quarter and year-end results. For the full year, Equitable had interest income of \$1.1 billion, up almost 30% from \$860 million in 2018.

Net income attributable to common shareholders was \$201.8 million (\$11.97 per share, fully diluted), compared to \$160.9 million (\$9.67 per share) in the prior year. Adjusted diluted earnings per share was a record \$12.29, up 22% from \$10.10 in 2018.

Adjusted return on equity was 15.9%, a significant improvement over 14.7% in 2018. Deposits as of Dec. 31, were \$15.2 billion, up 13% from \$13.5 billion the year before. This includes \$478 million year-over-year growth in EQ Bank deposits, a 22% gain.

The bank's common equity Tier 1 capital ratio at Dec. 31 was 13.6% compared to 13.5% the prior year.

Provision for credit losses was \$18.4 million or 0.07% of average loan principal outstanding.

All these numbers look good, but the bank is only forecasting earnings growth in the 4-8% range in 2020 – and this was before coronavirus emerged as a significant threat to international growth.

Management said earnings growth will be below the longer-term average because of "significant planned investments in the bank's digital platform, emerging lending businesses, and IT capabilities."

**Dividend:** The board of directors approved an increase in the quarterly dividend to \$0.37 a share (\$1.48 per year), effective with the March 27 payment. This is the sixth consecutive quarter that Equitable has raised its dividend. It's now 23% higher than at the same time a year ago. Current yield is 1.7%.

The board is committed to growing Equitable's dividend at a rate of between 20% and 25% annually over the next five years. The bank says that even with this ambitious pace of dividend increases, it will retain sufficient capital to support strong business growth.

**Outlook:** The year just ended was an excellent one for Equitable in terms of revenue and profit growth. The situation in 2020 looks less impressive, with earnings growth already projected to decline considerably and the spectre of a recession looming.

**Action now:** Hold.

## YOUR QUESTIONS

### Tax book

**Q** – I've been investing for a while but as a non-resident of Canada. Now that I am a resident again, this is the first year that I am faced with paying more attention to investing in a non-registered account and thinking of tax implications. I want to learn more about taxes (interest, dividends, and capital gains) and I am wondering if there is a book or publication that you can recommend. – N.S.

**A** – Your best choice is *Essential Tax Facts* by Evelyn Jacks, one of Canada's top experts in the field. The 2019 edition is currently available on Amazon.ca and elsewhere. The rules haven't changed significantly for 2020 so it should provide all the information you need. – G.P.

### Kitchen renovation

**Q** – I have approximately \$25,000 in my TFSA and want to renovate my kitchen. I was wondering if, in view of the current economic situation, I should take the money out of my TFSA or postpone the renovation until later.

I am a senior with a small portfolio and have no debts. What's your advice? – Sylvia R.

**A** – If the TFSA is invested in stocks, I would hold off until the market settles down. If it's not, then I see no reason not to go ahead with your plans. - G.P.