

## **Don't Rub your Itchy Eyes and Dividend Raises**

In general, two things drive the markets, but not usually at the same time. They are fundamental value and fear/greed.

Fundamental value rules when humans are calm. They make calculated decisions about a company's prospects based on the business they are in, the assets held, amount of debt, etc. When Humans are frightened (currently about their health and their finances) they make rapid decisions based on imagined danger.

This style of investment decision making is unhelpful, but reflects the current market situation.

About half of the people who have called me in the last few days want to sell everything (the other are buyers). I liken that fear based escape desire to a very itchy eye. I'm not talking about the ordinary kind of everyday annoyance which resolves with a gentle massage. This is the kind that might need some professional care. It feels oh so great to rub it - for about two seconds, then the itch returns and it is much worse! People who sell into a falling market will also feel great for a short period, but when the market bottoms and begins to climb, they are again overcome with anxiety and cognitive dissonance as they try to time their re-entry. They fear missing out on the rebound, but also fear that the market could reverse again and go lower.

### What Am I Doing with My Portfolio?

I will not be selling my investments as I believe that not much has changed (fundamentally) in the last 3 weeks or so and this hysteria will pass. I also think that Warren Buffet is likely to be very busy right now buying quality assets (such as we hold) from those who are "rubbing their eyes". I encourage anyone who is feeling uncomfortable to give me a call. You are not bothering me. Yes, I am busy, but it is very important to me if you are feeling glum.

Some Good News:

Here are some fundamental positives to consider: The rate of new coronavirus infections has declined steeply in China and South Korea (SK imported cases early on from China). Once cases in the rest of the world peak, I expect a similar rapid decline with a commensurate strong rebound in world markets.

All the Apple Stores owned by the parent company re-open in China today.

Closer to home, I have some recent dividend increases to report –

Brookfield Asset Management (infrastructure company) +12.5%

Intact Financial (home insurance etc.) +9.2%

TC Energy (used to be TransCanada Pipelines) +8%

Brookfield Infrastructure +7%

TD Bank +6.8%

Bell Canada +5%

Royal Bank +2.9% (2<sup>nd</sup> one in 12 months)

Innergex (renewable electricity) +2.9%

Gibson Energy (pipeline/storage) +3%

CN Rail +7%

Brookfield Renewable +5.3%

Allied Properties (office property) +3.1%

Pembina (pipelines) +5%

These dividends help to keep our incomes rising with inflation and generally mean that the companies are doing well.