



July Thoughts from Home

An important point to remember when investing is that the market cycle improves before the news cycle does. While the number of new COVID cases in the U.S. is certainly troubling, the stock market seems to be looking through this crisis. Here are our current key focus points:

- 1) The rise in COVID-19 cases in Florida, California, Arizona and Texas are troubling. In the “glass half full” view, the market seems to be looking past this trend and focusing on the much lower hospitalization and death rate. Any reversal in either the number of new cases or hospitalizations will move the market.
- 2) The breadth of the market movement has remained fairly narrow as technology has led the way while many other sectors have lagged. We are keeping an eye on valuations and will rebalance as needed.
- 3) Employment information, sales data and other key economic statistics have continued to improve in the U.S., despite COVID-19. The market should continue to head in the right direction as long as these numbers continue to improve.
- 4) U.S. corporate earnings season is upon us and JP Morgan and Goldman Sachs have already posted better than expected results. The better the earnings and forward guidance, the better we expect the market to perform.

With these factors in mind, here is our present plan of action:

- 1) We are maintaining a significant exposure to U.S. technology as it has proven to be the best performing sector in the global market.
- 2) We have taken advantage of some of the lagging sectors such as banks to lock in higher yields and integrate some additional defense positions against market sell offs.
- 3) We continue to focus on companies with a proven track record of earnings, even through economic crisis. The high flyers can be fun reading but if earnings or sales disappoint, the price drop can be brutal, as would the potential effect to your portfolio.
- 4) We believe we have built significant future growth into the portfolios but maintained enough defensive positions to withstand possible market sell offs, supplemented by our call program. We continue to monitor the market and will make necessary changes as required.

As always, thoughts, questions, comments or concerns are always welcome. Stay healthy!

Yours truly,

Trevor, Walter and the Cooper Wealth Management team



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