# April 2020

Spring is here, but it sure doesn't feel like it. For many of us our lives are very different today than just a couple months ago. Snowbirds have been forced to come home early, business owners are forced to shut their doors and families are living like a circus act juggling their jobs, education & parenting all at once. The world is evolving and I believe it will be very different on the other side of this pandemic. It's important to know this will end, not sure when but it will end.

Portfolios are built to achieve an objective and in some cases several objectives. It is important to determine those objectives and use a goals based plan to implement. The plan should be reviewed regularly, at least annually, or if a material change occurs. The portfolio should be managed to achieve those objectives. Our portfolio strategies are regularly rebalanced to ensure investment risks are continually aligned with those objectives. Any changes to the portfolio in the short term can have long term implications to achieving those objectives, this should be carefully considered.

In early March we took an opportunity to get out of interest rate sensitive preferred shares as low rates ultimately lead to a sharp decline in these share prices. After having sold those shares the price dropped as much as 32%. We reinvested some of the proceeds into higher quality bonds to focus on more capital preservation. Most of the proceeds were used to invest into iShares Global Water Index for both defensive growth and inflation protection. This was a compelling idea that seldom traded at lower valuations which we wanted to take advantage of for the following reasons:

- The world's growing population – today where we are just shy of 8 Billion…and by 2100 we should be close to 11 Billion!
- Water consumption will increase as the world's population grows. Water's correlation to economic growth is 1:1
- Water scarcity is becoming more prevalent around the world.
- less than 3% of the water on earth is drinkable!

As of early April the markets rebounded strongly from the lows March 23rd but we're not confident it will last. At this time we expect to see the markets behave in a see-saw pattern for much of 2020. We are now in a position to play both outcomes more effectively, protecting in down markets but also participating in up markets. Our positioning as of early April has tilted slightly more to focus on protecting capital and to take advantage of opportunities that will soon present themselves.

Some sectors are going to benefit from the COVID-19 virus and will ultimately perform very strongly coming out on the other side. Take Amazon as an example which recently hired 175,000 people to fill orders as their online demand for groceries surges. Two


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sectors that are likely to benefit strongly are health care and technology. Portfolio strategies will need to be adjusted to account for this change that is evolving so quickly, maybe now more rapidly than ever.

I'd also like to highlight the blog on my website as commentary is being updated here regularly in the form of both written and audio from several key individuals across RBC Dominion Securities. Our blog and DS Online portal will continue to be resources that our team relies on heavily during this work remotely environment. At this time we don't know how long it'll last but have been given direction to plan for a work remote structure for several months. This means using DS Online to avoid obtaining clients signatures and to transfer funds. Using Webex to conduct client meetings and updating goals based plans. Our DS online site will be updated soon to deliver a better client experience which is also includes updates to the mobile app.

Lastly I wanted to leave you with this as I've heard it several times during conference calls or in research materials.

I'm an optimist because I've never met a rich pessimist.

Sincerely,

Brendon Boothman


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