

The Fortnighter



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I recently took my first real vacation in a couple of years. Like many of us these days, we chose a Canadian holiday - spending a very pleasant two weeks exploring Toronto.

From both a financial perspective and according to most locals, Toronto is the center-of-the-universe in Canada. It is also, as you know, 3 hours ahead of the west coast. This time gap is especially relevant for those of us in the financial industry. The stock markets open (start trading) at 9:30 am in Toronto - compared to 6:30 am in Vancouver. Big difference!

As an early riser, the 6:30 am start of trading has never been an issue for me. And while being at my desk at the opening bell is not really necessary for those of us who “manage” instead of “trade”, I’m often on my computer pretty close to open. In Toronto, things are different. Advisors there can sleep in, enjoy a leisurely breakfast and still have time to get to their offices by 9:30. For us early birds, it’s a long wait!

The solution, it seems, is to watch the morning shows on Bloomberg’s Business News Network (BNN) before market open.

Now, as informative as Bloomberg is, I was struck by how short-term most of the discussions were. It was “Buy this stock or sector”, “Rotate from Growth to Value”, or what Crypto was doing this week. Rarely a comment about balance, diversification and a longer term perspective.

If a fund manager was being interviewed, it was usually someone who was currently doing really well – and they had a dozen different reasons why they would continue to do well. No mention as to how they performed last year or over the past decade – or how volatile the fund was.

Another thing I observed on BNN was a lot of “bearish” experts now being interviewed. As we know, markets have been awful this year and these folks were happy to expand on the all the reasons they saw this coming – inflation, government and consumer debt, de-globalization – you name it. Again, very convincing.

Trouble is, some of these experts have been making these same points since 2009! (We call them “Perma-bears” in the investment industry). How is it that someone who has basically been wrong for over a decade is suddenly worth taking advice from?

The pain we investors are feeling right now can’t be “fixed” by buying a hot stock, mutual fund or, heaven forbid, Bitcoin – and “I told you so” is not an investment strategy. If your portfolio is based on “good stuff” – that is, solid businesses with real earnings, it will weather this downturn like it has so often in the past. Balance, diversification and a long-term focus has always worked – and always will.

Now if we could only get an *Eataly* and a decent museum in this city, I wouldn’t have to leave home at all...

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