

April 21, 2021

Dear clients,

This might be my favourite time of year – when springtime temperatures break 20 degrees and the sun shines again. The spring sun reminds me of what is easy to forget during BC’s long, dark winters – that I am surrounded by beauty, and summer is on its way.

## **Markets and your portfolios**

Optimism has ruled the markets since November, when the drug companies announced their vaccines. Canadian and U.S. major markets are up 15% since then. This feel-good tide (fuelled by investment rookies empowered with trading apps and money to burn) has been especially kind to poorly managed companies. Legendary investor Warren Buffett once said, “It’s only when the tide goes out, that you learn who’s been swimming naked.” We are a long way from another “low tide moment” in my view but I still prefer to keep my trunks on!

Some of you will know that “value” stocks have underperformed for a very long time, but they rose from the dead in November and have led the market since. The market’s shift away from technology companies, clean energy utilities, and other rate-sensitive industries caused your portfolios to suffer on a relative basis in January and February, despite these areas performing very well for us in 2020. Market values recovered in March as interest rate fears subsided, and as certain portfolio changes took hold.

I made two significant shifts in your investment portfolios during the quarter. First, I ended the direct bond ownership program and replaced the bonds with three fixed income exchange-traded funds (ETFs). So far, the ETF program has managed to avoid the losses traditional bond portfolios experienced over the last three months. Second, I introduced a “value factor” to the income-oriented segment of your portfolios. This change will lessen your portfolios’ reliance on momentum-driven factors and should reduce portfolio risk over longer periods of time.

## **Performance start date**

Along with this letter you will find your quarterly portfolio review report, which shows performance since your accounts were transferred from the other Raymond James branch. To review your performance prior to the transfer, please refer to previous reports. Going forward, the blue “Net Invested” bar will reflect your portfolio value on the date of transfer in December 2020, plus or minus any deposits or withdrawals since that time.

## **Free money for BC residents**

The BC government is offering up to \$1,000 for eligible families and up to \$500 for individuals as part of their Covid-19 recovery plan. If your 2019 family income was less than \$175,000, or your individual

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income was less than \$87,500, you could receive a benefit. Click here to learn how to apply: <https://www2.gov.bc.ca/gov/content/covid-19/economic-recovery/benefit>. Or give me a call.

## Introducing: Thomlinson Investment Counsel

I have registered the trade name Thomlinson Investment Counsel for my financial advisory business. There will be no “big splash” but I intend to slowly incorporate the name into my branding going forward. However it is already under the bright lights of the internet, at my – \*trumpet fanfare\* – [new website!](#) You can get there by clicking the link, or by typing **ThomlinsonIC.com** into your web browser. (If you choose to forward the link to friends, I will not try to stop you.)

## Final thoughts

When markets roll over, as they have been doing these past months, winners can sometimes look like losers and vice versa. It is important during these times to have a strong investment discipline and apply it systematically. In the long run, consistency is rewarded.

I have 100% of my family’s education and retirement savings invested in the same portfolios as you, so our interests are very much aligned. At least one eye is always on the things that can go wrong, because despite the market’s optimism, reality has a way of asserting itself eventually. But it’s my job to worry about that. Go enjoy the weather!

Yours truly,



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