

July 11, 2019

## DOES YOUR PORTFOLIO CONTAIN A “TEDDY BEAR”?

(THE VALUE CONTRARIAN FUND HAS ONE)

A Teddy Bear, for most, is a warm, fuzzy, soothing toy animal. A feel-good friend from our younger days. Most importantly, it comforted us through the stressful patches in life.

Today, late in the biz cycle, with a red-hot IPO market and the broad stock market index's reaching record highs – we all need a comforting “Teddy Bear” in our portfolio.

Simply stated, today **CASH** is our warm comforting Teddy Bear. (US / CDA Government T-bills). Perhaps, one could call it an investors pacifier. There is nothing wrong with holding cash if valuations are not to our liking. One never knows when lightning will strike, as it did this past March when we added 10,000 Berkshire B shares to the Fund. As in 1999, today some in the press are calling for Buffet's retirement. In the past, this has been an excellent contrary indicator.

We sleep well at night knowing we have a significant **CASH** position in the Value Contrarian portfolio. Simply stated, it's **psychologically comforting** to have **CASH** in the Fund's portfolio. It provides emotional support when the outside environment is absolutely oozing with fear, doom & gloom.

Most importantly, only cash allows your manager to take advantage of future rainy-day opportunities. Presently, the Value Contrarian Fund has a cash position of: 23 %.

Finally, the good news is that the stock market indexes will likely continue to make new highs into fall 2019. The bad news, for the most part, is that the same few culprits, tech/cannabis sectors has been leading the index's higher.

We would feel much more confident in the present rally's durability, if the Dow Transport Index (planes, trains, trucks & ships) was able to surpass its record high set in October 2018. The theory being that a true bull upswing in the market occurs when the Dow Jones Industrials (DOW) and the Dow Transports both make new highs near each other or together. It is predicated on the idea that in a robust economy, transport companies deliver what industrial companies produce.

Today, the Dow reached new highs but still not the Dow Transport Index. Definitely something to watch.

Respectfully,

Ben Horwood

Fund Manager  
Value Contrarian Equity Fund  
July 11, 2019

**Next purchase date deadline Value Contrarian Equity Fund: July 24, 2019  
(call today: 514-398-0808)**

**\*\*\*\*\*Feel free to forward Ben's Market Briefs to your friends & clients.**

P.S. Do visit us at our web site: [www.valuecontrarian.com](http://www.valuecontrarian.com)

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**Your comments are always welcome: e-mail [benh@valuecontrarian.com](mailto:benh@valuecontrarian.com),  
phone (514) 398-0808 or LinkedIn.**

Please note: The timing of Ben's market comments will only be sent when something of value should be shared.