

June 5, 2020

Don't Be Afraid - Be Psychologically Prepared For Tomorrow!

Dear Value Contrarian Fund Partners,

Are you afraid the recent stock market rally won't last? Timing your exit?
Then timing your entry back into the markets after the inevitable pullback?
Good Luck!

Here's the deal. Yes, it would be nice to time your exit and re-entry to avoid market corrections, but the reality of the situation is that most investors will ruin their long term returns this way.

Investors get needlessly whipsawed by not making the distinction between 1) A Real Bear Market, & 2) Simple Market Corrections. Yes, you want to soften the blow of 1), but power through 2), by staying the course.

Since March 23rd, stocks have been powering ahead despite truly horrific economic/unemployment news. The stock markets look forward, not in the rear-view mirror.

But there will come a time, this year or next, when stock valuations will get way ahead of themselves (for a period). Thus, any negative economic or geo-political news (unlike in March/April/May/June) will be the catalyst for a correction, not another rally or bear market.

Please don't confuse vanilla corrections (5%-15% declines) with the "Full Monty", a bear market crisis. Investors must not allow these typical pullbacks on BAD NEWS to flush them out of stocks.

Psychologically, investors must prepare themselves for increased volatility and corrections over the next two years. It's just the nature of the Equity beast!

Perhaps a better exercise to calm investors nerves, would be to contact TD Direct. Please ask them for the rate on Cdn money market funds: presently 0.25%, 1 yr US T-bill 0.01%, while BCE shares yield: 5.6%.

Which medicine do you prefer?

Respectfully,
Ben Horwood, Fund Manager
Value Contrarian Equity Fund

Next Fund purchase date: June 25, 2020

Call today: 514 – 398-0808