

**November 3, 2020**

It has started, just as I predicted this summer...volatility.

Since we hit a high last Monday, at 28,185 on the Dow Jones Industrial Average, the index dropped to a low of 26,143 on Friday, October 30. That is a 7.2% drop in 5 days. In fact it was the worst month since the selloff in March.

I wrote to you this summer and said that I believed that the markets were disconnected from the reality of Covid-19's negative impact on the global economy as the stock indices moved higher. Looking at the major North American indices (NYSE, S&P 500, Nasdaq, TSX) since the selloff in March, only the NASDAQ pushed up by a few technology stocks, which I believe is not reflective of the overall economy, has gone to new highs. It is much like when Nortel pushed the TSX to all-time highs against other global indices but the rest of the Canadian economy did not follow suit, leading many to judge Canada as having the best economy in the world. It was the market cap weighting of Nortel that disguised the real story.

I expect the U.S. Presidential election to create controversy along with social unrest and we are already seeing resurging cases of Covid-19, adding fuel to economic worries as many countries are starting to lockdown again.

This was expected and we have prepared for it.

We took profits this summer and built up cash positions in anticipation of the market dropping and giving us opportunity to buy great companies at discounted prices. This is what we are prepared to do. As I have said before, when you sell off your winners to raise cash, and keep others that are down because we believe that they will go back up, then, short-term, you have a portfolio that looks like it is down. I have spoken with many clients in the last 2 weeks regarding their accounts and they thought they were down. But, some clients were relieved to see that their portfolios had performed better than expected throughout this period of volatility and uncertainty.

I have identified companies that I want to hold for the long term in the U.S. and Canada that, should they come down, we will be purchasing. I will be preparing that list and discussing with you the allocation to spend on each one shortly.

Please make a point of getting back to me ASAP if I miss you when I call. This is important and we don't want to miss out on what may be a great long-term entry point. Give me several times that you may be reached when you leave a message and the number to call you at and I will call you.

If you have any questions about your investment plans, I would be happy to discuss them with you. Please do not hesitate to contact me at 1-866-860-4190 or 613-491-3344.

Sincerely,

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