



December 20, 2021

“It’s Deja vu all over again”- Yogi Berra

Well, that is how I see things with the development of new strains of Covid and all its variances unfolding. A new headline results in new knee jerk reactions and market volatility kicks up causing clients to get nervous and worried. Understandably so.

So, how do we deal with it? How do we respond? Do we freak out and panic, sell everything and run down the street screaming? Some might feel that way in the extreme, but that does nothing except crystalize permanent losses and believe it or not, adds more risk to your portfolio. How does doing that add risk?

Simply stated, when you sell as a response to fear you have eliminated your possibility of profiting later by taking an unnecessary loss now. When do you move back into the stock market? Well, if you thought it a good course of business to buy high then sell low, then you likely will not want to buy back in until the market has shown positive traction and prices have risen. Then when the next market scare takes place, you will likely repeat your first mistake. You might think, “I’m not greedy so why not sell now and make some money? We can always buy back later.” As I stated before, you are taking on more risk, because you are cutting your winners short and not letting them continue with their increasing intrinsic value.

As a reminder, the time to sell is when a company is failing to meet expectations with

missed earnings or fundamental changes that will impact the future success of the company. You also consider selling when a company has become foolishly overvalued. e.g. The company is trading at a multiple that is historically untenable in the long run. (Think of Nortel & Enron)

Look at what happened last year when Covid hit us hard. If you sold in March, you had terrible losses and would have missed out on the strong move higher. **You cannot succeed buying high and selling low.**

So, what can you do when volatility hits? Nothing! You stay true to the investments you have made and await the volatility to pass (and it always does). I have already reviewed your holdings and we have sold that which became overvalued, and we have sold companies that disappointed and what remains are good solid businesses that have a history of good management.

It's like the engineer that works at a nuclear reactor site that wears a T-Shirt that says on the back... "If you see me running try to keep up!" Like that engineer, if I don't think we should panic and flee then nor should you. Volatility is like turbulence on an airplane. It's uncomfortable, and disturbing, and nerve wracking at times, but you don't jump out of the airplane because of it. You trust in the pilot, the crew and the plane, and you arrive to your destination safely.

If you have any concerns, please **call** me to discuss at 613-491-3344 or toll free at -866-860-4190.

Sincerely,

John S. Bruce, CIM®
Investment Advisor | **Private Client Division**

Direct Line - 613-491-3344
Toll Free - 866-860-4190
Fax - 416-860-7671
Email - jbruce@researchcapital.com

<http://www.creatingwealth.ca>
<http://www.researchcapital.com>

Jimmy Chen
Investment Advisor Assistant
Direct Line - 416-860-8682
Toll Free - 1-866-860-8682
Fax - 416-860-7671
Email – jchen@researchcapital.com



To contact your advisor, email info@researchcapital.com.

Research Capital is a national investment firm with offices in Vancouver, Calgary, Regina, Toronto and Montreal.

The opinions, estimates and projections contained herein are those of the author as of the date hereof and are subject to change without notice and may not reflect those of Research Capital Corporation ("RCC"). The information and opinions contained herein have been compiled and derived from sources believed to be reliable, but no representation or warranty, expressed or implied, is made as to their accuracy or completeness. Neither the author nor RCC accepts liability whatsoever for any loss arising from any use of this report or its contents. Information may be available to RCC which is not reflected herein. This report is not to be construed as an offer to sell or a solicitation for an offer to buy any securities. This newsletter is intended for distribution only in those jurisdictions where both the author and RCC are registered to do business in securities. Any distribution or dissemination of this newsletter in any other jurisdiction is strictly prohibited. RCC and its officers, directors, employees and their families may from time to time invest in the securities discussed in this newsletter. ©2021 Research Capital Corporation. Member-Canadian Investor Protection Fund / member-fonds canadien de protection des épargnants. Research Capital Corporation (RCC) makes no representations whatsoever about any other website which you may access through this one. When you access a non-RCC website please understand that it is independent from RCC and that RCC has no control over the content on that website. The content, accuracy, opinions expressed, and other links provided by these resources are not investigated, verified, monitored, or endorsed by RCC.

Research Capital Corporation, 199 Bay Street., Suite 4500 Commerce Court West, Toronto, Ontario M5L 1G2,
Canada, 416.860.8600

[Unsubscribe](#) [Manage preferences](#)