

## Perspective. Poise. Process.

by Martin Karcz, *Portfolio Manager, Senior Vice President*

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Today, yet again, we are revisiting all previously broken negative records. On the heels of coronavirus – the market continued its unprecedented plunge firmly grasping all global and North American indices in the bear market. In fact, the TSX is not only down 30.71% from the highs established just 2 weeks ago (the fastest drop on record), but it has also reversed all gains since April 2006! 14 years and practically 0% return if dividends are not included.

In a market like today's it is important to revisit the three "Ps" of portfolio management.

### Perspective

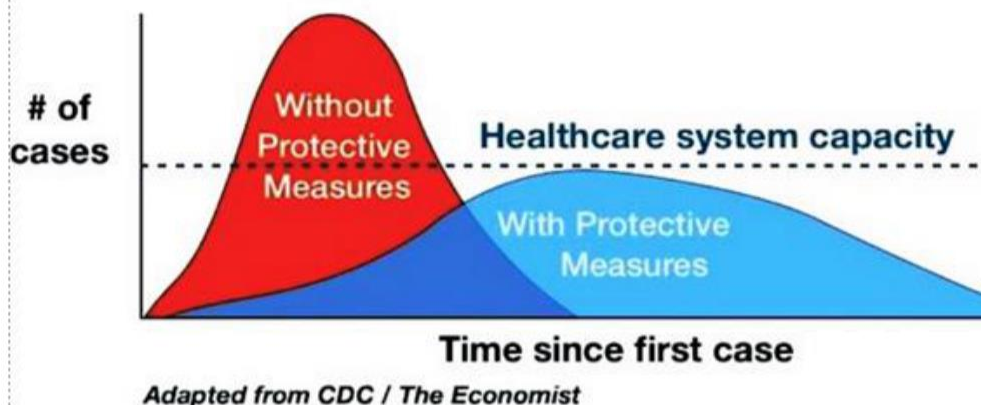
The important perspective today is that we have seen this before – maybe not the COVID-19 virus – but an event that puts global growth into question and creates an extreme selloff.

This too shall pass. In fact, never before, has the US economy been in a better shape going into exogenous event like this. It looks now that it will be practically impossible to avoid recession with all the business closures around us – but, if China's today's announcement of slowing (or) stopping the epidemic (no new cases overnight) is any guide, the disruption may be short lived. And the economy and the consumer will resume. The timing, however, may depend on our **poise** going forward.

### Poise

The number one thing is not to panic. Neither in your everyday life nor in the markets. The outcome in both instances doesn't need to be binary. Together we can slow down both the spread of the virus and the market carnage.

What it means in real life is that you follow certain guidelines recommended by doctors and administrators alike – wash your hands often, don't touch your face, stay away from large gatherings, for the time being refrain from going to the restaurants, museums, theaters, etc. Again, this too shall pass. Let's be smart about it when we can. This will flatten the curve of infections and allow the healthcare systems(s) to function orderly.



**What poise** means in your investing, and this is where we come in, is also not to panic. Everything you own in your portfolio is of the highest quality and generates income (cash flow) on a monthly basis that allows you to withstand all the external stocks and enjoy your retirement without any disruption. Quality, cash flow, tax efficiency and knowing what you own are the long-standing strong pillars of our portfolios. Coronavirus is not able to undercut these pillars.

### Process

We follow a disciplined process of allocating your portfolios and choosing the highest quality investments in all market conditions. What's the process at the bottoms? It is the time when opportunities are most plentiful. It is also the time when we once again revisit validity of our choices, buy companies that we didn't have an opportunity to buy before or employ other instruments like structured notes (with extra downside protection) or conservative option strategies.

In a lock step with our own advice and the CDC guidelines to combat coronavirus as quickly as possible, we now conduct virtual in person meetings via Skype, FaceTime or ZOOM – depending on your preference. Please let us know if you want to meet with us this way (for the time being) and we can set it up. Don't hesitate to call us.

Stay well,

Your KWM Team

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