



Topics:

- Much Needed Diversions
- Earnings Season is Upon Us
- US Elections

I hope this message finds you well and enjoying the summer and our reopening economy. For me, in small ways I can occasionally forget we are still in the midst of this pandemic. I focus on coming into the office, where we have been able to continue to work thanks to our size and ability to distance from each other, spending time with my family (and adjusting to having our adult children at home with us full time again), and heading to the golf course which thankfully is the one sport that allows for effective social distancing.

I hope you too have found some diversion from the pandemic, even if for a short time. I am also hopeful that the great outcomes our communities have experienced by following provincial department of health guidelines on social distancing will endure throughout the summer and fall. It would be terrific to see our community rewarded for observing those guidelines.

Within the investment world, the key debate right now is whether the recent rebound in stock prices will be supported by corporate earnings growth. The valuation of many of the underlying investments held within portfolios are based on the market's "perception" of the value of those investments, and a major component of that perception is based on the earnings of those companies.

Earnings for the second quarter of the year will begin to be announced next week, and it is expected that they will not be good. The market typically prices in expectations for reduced earnings, but we simply cannot be certain until those earnings are announced, and the market reacts. If the market has priced in expectations and shrugs off any negative results, then perhaps markets continue to grow. If not, then it would be reasonable to expect a market pullback. We simply cannot be certain until we are in the middle of it.

As your Advisor, I provide you with many different types of advice and services. A central role is to advise you on how to best navigate volatile markets. Many of my communications have focused on the long view, identifying that short-term volatility is part of investing and cautioning you to not let that volatility alter your perception of your financial goals. In doing this, I am always examining the case for our investment stance. I share with you my current investment perspective: **I judge the potential negative impact of the market going down to be greater than the potential positive benefits of the market going up.** As a result, for now, I remain cautious in our investment approach.

That is not to say that we haven't taken advantage of the dramatic market recovery we have experienced since March 23. We most certainly have, recovering much and in some cases all the losses experienced during 2020. Rather my meaning is we will continue to diversify portfolios and focus on long-term objectives, thereby avoiding the pitfalls of decision-making based on short-term thinking. In this respect, I am very proud of my clients. You have remained focused on the long term and have not made impractical or radical moves during this time of uncertainty. It has been impressive to see how our clients have kept their cool. Congratulations.

I appreciate things can appear somewhat uncertain during this pandemic. That uncertainty has

been compounded by geopolitical challenges in the United States, challenges that are magnified as the Presidential election approaches. Keep in mind that people usually overestimate the effect of the election. If Trump loses, perhaps whatever the US loses on new regulations may be offset by a friendlier relationship with China and the rest of the world. Again, it is not certain, but as I mentioned previously, by remaining focused on the long term we can endure the volatility such concerns trigger.

As always, please reach out if you have any concerns; my team and I look forward to having a chat with you at any time about any financial matter. As an aside, over the past few months we have heard from new clients that not all advisors are communicating with clients as we are, so if you know folks who would benefit from a chat, please let me know. I would be happy to reach out to them for a conversation.

Shawn Christianson, PFP, CIM, FCSI
Investment Advisor
Christianson Securities of Aligned Capital Partners Inc.
{YOURCOMPANY.ADDRESS}
P: 902 405 4688 | F: 902 482 5119 |
schristianson@alignedcp.com
www.christiansonfinancial.ca



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