

Accelerated Horizons


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100+ days of quarantine or the 15th week of quarantine, however you wish to say it, most folks are ready for a change and to enjoy some summer activities. As time sometimes seems to stand still during this Covid induced calendar, other components of society have begun to accelerate dramatically. Before I get into that, Jennifer and I wish you best for the summer. We'll be opening up "Camp Porta-Backyarda" in a week so the grand-kids get a different place to hangout and frankly, so we get see them and spend lots of time with them. Lots of activities close to home are planned.

Groundhog Day

Hours drip into days, at times I try to remember if it is a Tuesday or Wednesday. I have been working from home for decades, so that is not new for me. But not being able to visit with you, my clients, has reduced my gasoline bill but has dampened my day as I do enjoy our visits. Phone calls are great as frankly not a huge fan of the video conferencing thing. Sat in on a few "Zooms" with Portfolio Managers, even one with Jason Kenney (Premiere of Alberta), who the host kept calling "Minister Kenney". To many folks trying to look engaged (not flipping to other screens), not drinking coffee (you know most would normally do that), not checking Facebook on their phone (that must be hard for some to avoid). All I am trying to say is, they just are not a natural way we like to interact. I try to avoid them.

Accelerated Timelines

We knew that street level retail was going to continue to go through changes as online buying of goods is growing. Malls are trying to convert the vacated "anchor tenant" space into apartments or eating spaces. Movie theatres have been struggling for some time as they battle to stay alive like Blockbuster tried. It sure is easier from my sofa to hit pause during that 3-hour movie and take a bathroom break and refill the wine glass. Offices have been going through concepts like "Hoteling" or shared workstations or your desktop is now in a laptop, so you can work from home as well the hours in office. Wired phone lines have pretty much gone bye-bye as smartphones have taken over...

Note: How come every time I have to renegotiate my ever expiring discounts from Bell, If I keep my landline I get a better deal?

What the Covid induced past 100 days has also accomplished is propel some businesses to the forefront and many had their declines accelerated. We all new eCommerce was growing rapidly and now it has just clearly taken off. Shopify has grown well and this past 100+ days has provided them with 3 to 5 years of growth.

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Think what you will of me, but I have been a big user of Amazon for about 2 years on consumables and office items. For their prices are fair and the driver drops it off the next day and takes a proud picture of that package on my doorstep in the email that arrives before they have even left my driveway. Canada Post sends packages from Quebec to Newfoundland to be sorted, so it can come back to my doorstep in Ontario some weeks later. Amazon has figured out logistics (they own some 42 planes now and growing rapidly) and by making some simple changes, has modified how logistics should be done. If I am an online retailer, I better be using Amazon or its like for Canada Post has got it wrong.

There Will be Some Winners

Some businesses were living on borrowed time and were not likely to survive the next 5 years. Some of these same businesses will not survive the next 5 months due to strong competition and accelerated changes. Unfortunately, many small businesses will not survive as they had no war-chest of cash to handle any upsets in their business.

So far the companies we own have maintained strong working capital and thus have not had to disrupt distributions to us. Outliers to this are CAE, that is it so far. Cash in hand has always been a tenant for these companies as they now history will repeat itself, as there will be good and bad times.

My best to you and your families.

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