

DIVIDENDS

Investment Planning eNewsletter

One Mistake Away

Issue 2024-10 Oct. 7, 2024



One mistake away...too many that is.

I am a realistic optimist, at least that is how I classify myself. The Glass is half full, never half empty, however “realistically” it needs to be refilled to make it full again.

I am also speculative when it comes to what we are told. It started early for me in elementary school. Wondering how hiding under our desks in case of nuclear war was going to help me and my classmates survive!

This speculation led me down the path to run dividend portfolio's that include Infrastructure versus the standard 60/40 (Equity/Bond) portfolio. For that 60/40 approach used to work, but now struggles during times of concern.

Why All This Being Said

I have been reviewing Recessionary components of the North American economies for 3 months now. In both the USA and Canada, if you exclude the massive government spending over the last 3 to 5 years, one will find both economies technically in a recession. We have been protected from said recession by this overspending of governments and to some extent consumers. And as I have said many times before, I cannot prepare your portfolio for protection after the crisis hits...So I must be early, and I never know if I will be too early. Prognostications is not what it is about. It is about staying invested, however adding in some layer of protection.

Clients with me in 2019 will remember that we raised cash for recessionary concerns in the final 4 months of 2019. We did not get the recession in 2020, we had Covid-19 instead. We used this cash to buy the devalued companies that the market offered us in March of 2020. A great outcome it turned out, but not for the reasons I had you hoard some cash.

One Mistake Away

This phrase was said from one I respect on Thursday (Oct. 3rd). It captures exactly my thoughts on where the globe sits at this time. I mean both economical and historical mistakes. I am not trying to be alarmist, but my job is to look after your portfolio, and that is where I shall remain focused with these statements and recommendations. Interest rates are dropping in Canada and finally in the USA and of course they started these too late. Federal banks always make this mistake. And if they stop the process, it will affect both countries ability to have a soft landing.

Canada remains with an unemployment rate that is well above the USA's: 6.6% vs. 4.2%.

Canada remains uncompetitive in attracting investment by companies and has a lower productivity rate than the USA: Canada is now running at only a 72% productivity rate of the USA.

The Middle East powder keg has so many vulnerable components to it at this time and so many players and influencers that can get it wrong.

Continuation of the Ukrainian/Russian war and whether NATO and USA ramp up exposure and potential entry.

There are just too many things that are “one mistake away” at this time, that I feel we need to add/build up cash reserves. I am not suggesting a wholesale withdrawal from positions we hold for most of these pay us a dividend when times are good or bad. Trimming and raising cash from existing positions is the strategy. Each of you will have different views on all of this and how much cash we should raise.

Maintaining holdings in US\$ dollars and those exposed to the US marketplace are the priorities. As I said in the opening, I am an Optimist and see opportunities in many locations. This transition is about adding some protection against a potential recession or some other mistake. The Realist.

I have ensured my schedule for the week of Oct. 7th is primarily to be in my office so I can take your calls to discuss specific strategies with you. If I do not hear from you, I will be in touch by the latest the week of Oct. 14th.

Happy to speak with you or your friends at 905-541-2012 or email vwarrington@alignedcp.com

Vaughn Warrington, CFP®, FMA

Investment Advisor and Certified Financial Planner

Binvested - Aligned Capital Partners Inc.

President - Binvested Management Inc.

www.binvested.ca



Disclaimer

Investment products are provided by Aligned Capital Partners Inc. ("ACPI"). Any advice which may be given in respect of non-securities services is given by your advisor solely, and no such advice is given in their capacity as an agent of ACPI. Accordingly, ACPI is not liable and/or responsible for any non-investment related business conducted by Binvested Management Inc. The Canadian Investor Protection Fund (CIPF) does not cover any non-securities related business conducted by Binvested Management Inc.

The information contained herein was obtained from sources believed to be reliable, however, we cannot represent that it is accurate or complete. This newsletter is provided as general source of information and should not be considered personal investment advice or solicitation to buy or sell securities. The views expressed are those of the author and not necessarily those of Aligned Capital Partners Inc., its employees or affiliates. All performance data represents past performance and is not indicative of future performance. Vaughn Warrington may hold positions in the securities mentioned.

Copyright © 2024 Binvested / Aligned Capital Partners Inc., All rights reserved.

Our mailing address is:

Binvested / Aligned Capital Partners
1001 Champlain Avenue, Suite 300, Burlington, ON. L7L 5Z4