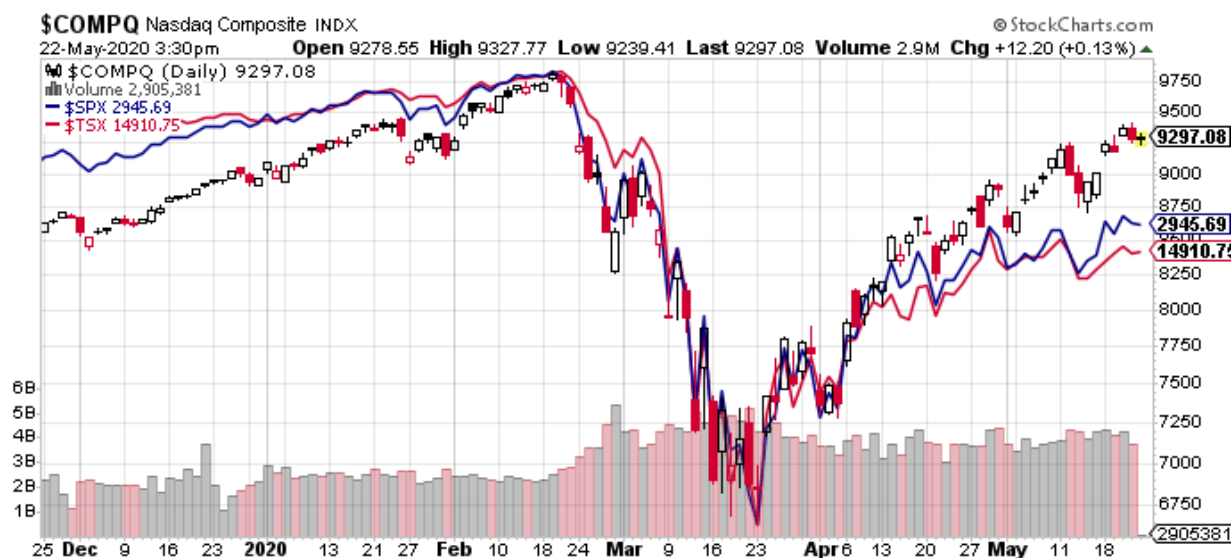


Market Update

May 22, 2020

History has never kept the stock market down. It has just provided an occasional ride...



Here is a chart of the three main North American market indices from the last peak, Feb 20th to the market low, Mar 23rd to today May 22nd. The main chart is on the Nasdaq (U.S Tech Index), the solid blue line is the S&P 500 (U.S. Broad Market Index) and the solid red line, the TSX (Canadian Broad Market Index)

What is most interesting is that the fastest recovering index has been the Nasdaq which is made up largely of growth companies in technology and healthcare followed by the S&P in the U.S.

The weakest has been Canada which can be explained by our economy that is so based on natural resources – which are out of favour.

Here are how things are looking three months into this correction...

From market peak Feb 20 th to	Market low Mar 23	Today - May 22 nd
Nasdaq (U.S. Tech Heavy Index)	-30%	-4.7%
S&P 500 (U.S. Broad Mkt Index)	-33.4%	-12.7%
TSX (Cdn Broad Mkt Index)	-37.4%	-16.9%

First quarter earnings looked pretty good and despite some concern about second quarter that might better reflect the period of locked down economy, the market seems to be looking forward, as it often does, to what will be – the reopening of economy and perhaps a potential vaccine versus what is now.

That said we will learn to live with this disease or to live around it.

B.C. reportedly has the lowest case rate of Covid-19 in North America – Congratulations.

That said, our head office is located in central Canada where things are quite different, particularly in Toronto and Montreal. **Our owner, National Bank of Canada, has decided to keep our physical offices closed indefinitely and at least until the end of August.**

However, we remain very much open.

My staff and I will continue to operate seamlessly remotely. We will continue to communicate with you by email, telephone and video conferencing via Microsoft Teams. We are accepting funds electronically which can be achieved several ways by contacting my assistants Maureen or Stephanie. We are able disperse funds by electronic funds transfer easily.

For the most part, my practice is fully invested. We have been selling calls for additional income and to reduce risk. With the market rising again, I am keeping an eye on what is participating and what is not. Clearly the strength is in technology and health sectors. The weakest areas remain Airlines, Hotels, Restaurants and pretty much anything to do with hospitality followed by energy.

Things change. You might recall A&W which was one of top performing names over the last few years which I chose to sell a few months back, as it closed it's sit down restaurants and cut it's dividend. I continue to keep diversified to other names like Seattle Genetics or Paypal, both of which have recently been hitting new highs.

Enjoy the sunny weather with the arrival of summer 😊

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. ***This commentary reflects my opinions alone, and may not reflect the views of National Bank Financial Group.*** In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

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Sources: Stockcharts.com, Bloomberg, Thomson One

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