



L-R: Bogue Clark, Juliana Weese, Blair Mott, Tony Liokossis, Stephanie Lindsay



## April 2022 Commentary

---

With a gain of 6.38% in our hypothetical equity model<sup>1</sup>, March ties February 2014 for our 12<sup>th</sup> best month since we adopted *Relative Strength Analysis* and *Point and Figure Charting*<sup>2</sup> as our preferred method 111 months ago (January 2013). See the table near the bottom of this letter.

During the month we set a series of new, all-time record highs. Even though we closed the month slightly off those highs, it was also a record monthly close. It brings our year-to-date gain to 5.73%. In comparison, the global equity market<sup>3</sup> is down almost 8% during the same period. The major differentiators have been our energy holdings and our exit from the technology sector, thereby missing most of its recent crash. This is the same theme from last month and we're making hay while it lasts.

---

<sup>1</sup> If you are new to this newsletter, our reference to a 'hypothetical equity model' bears explaining. Because every client's portfolio is slightly different and customized, we track a 'hypothetical' model to represent our results. This model contains the same investments as the equity portion (i.e. the 'engine') of your portfolio. It excludes the bonds. Each trade is done at the same time and price as your portfolio.

Our *Hypothetical Equity Model* closely approximates the actual performance of your equities before fees. It gives us context, allowing for various types of analyses & comparisons.

<sup>2</sup> Relative Strength Analysis (RSA) is a method of investment analysis. It measures and compares the strength of supply and demand for different asset classes to identify those worth investing in and those that should be avoided. Point and Figure charting is the tool we use to carry out RSA. If you're interested in learning more, reach out to our office.

<sup>3</sup> Global stock market is represented by *EWI785 World Stock Equal Weight Index* and is down 7.91% to the end of March 31<sup>st</sup>, Courtesy of SIA Charts

## **Market Update**

This month's message is short and sweet. Not because we're lazy but because we don't want it to get lost. It is the most important one we've delivered since we began this publication. As always, we begin with the caveat that what follows is our analysis and we could be way off. However, in the years that we've been painting this picture, events have only confirmed that we are on the right track.

To know the future, look to the past. If our analysis is sound, the 2020s are going to be a repeat of the 1920s. If you want to know what's coming, study that formative experience in the financial markets.

We believe the coming decade will be the last phase of what will turn out to be a half century cycle that started in the mid-80s. The chaos that is enveloping the world – war, lockdowns, the off-lining of energy production, advancing authoritarianism, the *explosion* in government borrowing & spending and the resulting 40 year highs in inflation – is going to accelerate from here.

As it does, confidence in governments worldwide will continue to erode and with it, confidence in the full faith and credit of the debt they issue. Money is leaving the bond market and going into private hands. If you are not in a position to buy Picassos or vintage Ferraris, then you had better be in the stock market. At 1/10<sup>th</sup> the size of the bond market, stocks are the only arena big enough to absorb the cash exodus from bonds. The more the world deteriorates, the better the stock market will do.

How well? We think stocks in general will double from here over the next 10 years, or potentially even over-shoot that target. Then we'll get a crash in all the assets you should own now. Timing will be everything. That crash will usher in a short, chaotic period that will see a change in our leadership. We'll turf those seeking to tighten their grip on every aspect of our lives, and reset the systems that govern society.

Hopefully, that is not too fine a point. By the time the investment industry wakes up to the fact that bonds are a *terrible* investment, it will be too late. According to a Dec. 31, 2021 article in Investopedia, a typical 60-year-old investor should hold a maximum of 40% of their portfolio in stocks with the rest in “high grade bonds, government debt, and other relatively safe assets”. To us, that is nonsensical advice. Inflation is now in the high single digits, while bond yields are in the low single digits. You do not need a math degree to understand the conclusion.

What is the prescription for an investment portfolio? For the next decade, own stocks, don't own bonds.

Until next month, we wish you a Happy Easter!

---

**April 2022 Portfolio Review**

Mott Liokossis Hypothetical Model sector breakdown at the end of March 2022:

Cash	11.97%
Diversified Global Equity Portfolio	36.72%
Energy	15.47%
Diversified Canadian Equity Portfolio	11.25%
Chemicals	7.10%
Metals & Mining	5.92%
Wholesale	5.86%
Banking	5.71%

SIACHARTS.COM

**Hypothetical Model Growth Portfolio Holdings at the end of March 2022:**

% Held	Security	Symbol	Sector	Price	Yield
11.97%	Cash				
5.71%	Credicorp Ltd.	BAP	Banking	\$ 214.91	0.00%
7.21%	Equinor	EQNR	Energy	\$ 46.90	1.34%
8.25%	Cheniere Energy Inc.	LNG	Energy	\$ 172.79	0.38%
5.86%	McKesson	MCK	Wholesale	\$ 382.79	0.48%
5.92%	Nucor Corp.	NUE	Metals & Mining	\$ 185.87	0.97%
7.10%	Sociedad Quimica Y Minera SA	SQM	Chemicals	\$ 107.03	1.83%
36.72%	SIA ML Global Tactical Pool	SWI220	Global Equity Portfolio	\$ 25.42	8.96%
11.25%	BMO SIA Focused CDN EQ ETF	ZFC	Canadian Equity Portfolio	\$ 40.64	0.94%

SIACHARTS.COM

**Monthly Returns**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yearly Returns	
2022	-2.76%	2.22%	6.38%										5.73%	YTD
2021	1.62%	5.68%	-3.36%	0.16%	-0.85%	0.93%	0.28%	7.23%	-4.67%	1.70%	0.60%	0.51%	9.93%	
2020	4.33%	-3.90%	-8.54%	-0.42%	9.70%	2.13%	5.75%	4.27%	-2.33%	-1.79%	7.32%	6.07%	22.93%	
2019	1.36%	5.01%	3.75%	3.46%	-1.58%	2.58%	0.97%	1.13%	-3.33%	-0.78%	3.76%	2.09%	19.73%	
2018	2.84%	0.81%	-0.31%	-0.79%	5.53%	8.19%	-0.60%	8.18%	-2.65%	-14.70%	-0.14%	-2.73%	1.60%	
2017	-1.26%	3.11%	0.49%	3.26%	1.45%	-3.95%	0.50%	2.31%	3.43%	7.33%	2.38%	-3.57%	16.08%	
2016	-3.29%	-2.97%	-3.70%	-3.30%	5.04%	1.01%	3.03%	-0.56%	1.02%	-1.70%	1.56%	0.82%	-3.36%	
2015	9.73%	2.78%	3.71%	-8.98%	10.69%	-4.34%	7.93%	-5.39%	-3.05%	0.23%	-0.08%	1.84%	13.89%	
2014	6.39%	6.38%	-5.18%	-4.67%	1.52%	1.94%	-1.25%	5.18%	-2.40%	0.44%	5.70%	3.57%	18.08%	
2013	6.00%	4.20%	3.95%	-2.83%	9.64%	-3.67%	4.06%	3.65%	3.29%	3.42%	4.68%	2.66%	45.96%	

Monthly & Annual Returns for the Mott Liokossis Hypothetical Model Growth Portfolio.

Performance reflects actual trades executed in our maximum growth model and does not include fees or expenses.

We use this hypothetical model as the basis for our clients' portfolios.

SIACHARTS.COM



POWERED BY SIACHARTS.COM (MAR 31, 2022)

Growth of \$10,000 Jan. 04, 2013 - March 31, 2022

Mott Liokossis Model (MA02)	\$37,365
World Stock Equal Weight Index (EWI785)	\$19,851
Canadian Stocks (XIC.TO)	\$22,508
Canadian Bonds (XBB.TO)	\$12,169
Commodities (DBC)	\$12,182



[Click here to access your online account and tax statements.](#)



[Click here to learn more about the team.](#)



[Click here to contact us.](#)

**Blair Mott**, FCSI, CIM, FMA  
Senior Wealth Advisor & Portfolio Manager  
519-646-2146  
[blair.mott@nbc.ca](mailto:blair.mott@nbc.ca)

**Tony Liokossis**, B.A., FCSI, CIM  
Senior Wealth Advisor & Portfolio Manager  
519-646-5728  
[tony.liokossis@nbc.ca](mailto:tony.liokossis@nbc.ca)

**Stephanie Lindsay**, HBA  
Wealth Associate  
519-646-2149  
[stephanie.lindsay@nbc.ca](mailto:stephanie.lindsay@nbc.ca)

**Juliana Weese**  
Wealth Associate  
519-646-2152  
[juliana.weese@nbc.ca](mailto:juliana.weese@nbc.ca)

**Bogue Clark**  
Wealth Associate  
905-980-6331  
[bogue.clark@nbc.ca](mailto:bogue.clark@nbc.ca)



© NATIONAL BANK FINANCIAL. All rights reserved 2019.

[Terms of use](#)  
[Confidentiality](#)  
[ABC's of security](#)

The information contained herein was obtained from sources we believe to be reliable but is not guaranteed by us and may be incomplete. The opinions expressed are based on our analysis and interpretation of this information and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed herein are those of the author and do not necessarily reflect those of National Bank Financial.

The securities or investment sectors mentioned herein are not suitable for all types of investors. Please consult your investment advisor to verify whether the securities or sectors suit your investor's profile as well as to obtain

complete information, including the main risk factors, regarding those securities or sectors. This document is not a research analysis produced by the Research Department of National Bank Financial.

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA)

For unsubscribe options, [click here](#).