



March 12th, 2020 Communique Truisms

To all our valued clients,

In a perfect world, we would get to have a personal conversation with each and every one of you today, however there are not enough hours in the day and we want to remain watchful of your accounts, so this is an alternate way to contact everybody.

Perhaps I may start by offering two truisms:

1. Equities historically have gone up in the long term
2. No one knows where equities go in the short term

We remain focused on our multi-asset-class-approach so that not all of our securities are correlated to one another. With regard to our AMA proprietary portfolios, we continue to hold good companies/businesses with general themes of lower leverage and companies that have stable business models. Our U.S. companies mostly have net cash balance sheets so if things turn recessionary, they hopefully will not lose money with a decrease in earnings nor will they have to draw down on credit. We also search out dividend paying companies to generate cashflow for either lifestyle purposes or future investing.

We had been selling positions in the AMA portfolios over the last few weeks and have either maintained those cash positions or moved to high-grade the quality of the holding. We continue to be cautious and are focused on high-quality names for our portfolios.

There are 5 things that we are presently doing:

1. Reviewing the financial strength of all the companies we own to see if anything material has changed, which could require its removal from the portfolio.
2. Looking for switch trades to high-grade the quality of the portfolios.
3. Looking for great businesses that have been oversold on the downside.
4. Focusing on recurring business models that will continue to generate revenue and earnings.
5. Reviewing cyclical that can snap back when the recovery begins.

There has been some mass selling across the board this week, which has triggered many margin calls and has likely triggered even more selling from algorithmic trading. Correlation starts to approach 1 in these types of incidences and it is not uncommon for people to feel as though there is nowhere to hide. We do not wish to sell the good companies we own at depressed prices and moreover, we keep a vigilant watch on the securities we wish to buy now that they are on sale. However, it is prudent at this point not to make any reactionary decisions. 'The King' (Elvis Presley) said it best, "Only Fools Rush In", so we are taking our time to pick our entry points.

As always, we are focused on your long term investment goals and the ongoing monitoring of your respective financial plans.

Lastly, if any of you are feeling very nervous and that your risk tolerance may be less than originally thought, please do not hesitate to give us a call.

On behalf of Baker Financial group, CIBC Wood Gundy, we continue to work hard every day to be worthy of your trust.

Most sincerely,

CIBC Wood Gundy
Baker Financial Group

A handwritten signature in black ink, appearing to read "Jon Baker". The signature is fluid and cursive, with the first name "Jon" and last name "Baker" clearly distinguishable.

Jonathan Baker

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