Investing for the long term.

Scotia insights, an original web series

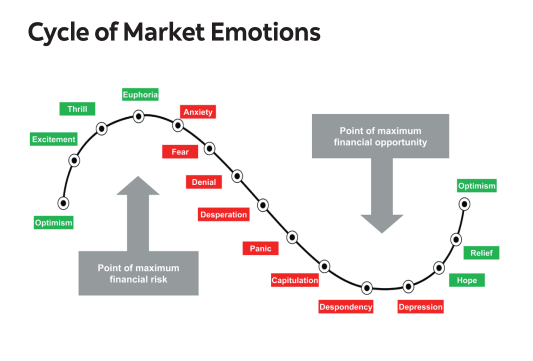
For many, the pandemic has posed a myriad of challenges. For others, however, the past 18 months represented an opportunity to grow and transform.

On Tuesday 28th September 2021, we hosted the 18th episode in the Scotia insights thought leadership series, in web format.

Eric Benner, MFE, CFA, Vice President and Portfolio Manager at Scotia Global Asset Management, Toronto, led the discussion on staying invested, and the value of quality and defensive investing in this new environment.

Christopher Clarke, MBA, Senior Manager, Investment Management at Scotia Investments Trinidad and Tobago Limited and Desha Rambhajan-Malli, TV News Anchor, Senior Multi-Media Journalist, Voice-Over Talent and Businesswoman both joined Benner on the original web series panel. Christopher shared the local perspective while Desha moderated.

In his presentation, Benner shared a cycle of market emotions, illustrating investors' feelings as the stock market moves.



When asked by one of the attendees, "Where is the market now?" Benner responded: "The answer to that, to a degree is – you don't know. There's a very old saying in the markets that, 'They don't ring a bell at the top of the market.' They don't really ring a bell at the bottom of the market, either. It's a bit more art than science, but you can look for signs, and you can try to evaluate that for yourself. First is that – markets are not cheap in valuation. It'd be difficult to make an argument that they represent a complete bargain, here. They may be very fairly priced and given where bond yields are, it's possible that they're a relatively attractive investment, but stock markets have certainly recovered very strongly from their pandemic lows. We're arguably late in the cycle; it makes sense that that may be the case. Next, I'd say look around in the market – do you see signs of speculation or fervor or people who are just very interested in markets and things that they think will allow them to make money very quickly, drawing your attention here to cryptocurrency or whatever you may think about that; or some of the stocks that are becoming popular among retail investors on internet forms, including Reddit – a website where people have really gathered and tried to pick an individual stocks and sort of push it higher. These tend to be the kind of signs that I remember from the 'dot com' era – that suggest there's a bit more greed than fear in the markets right now, despite this pandemic that we're going through. At the same time, it makes sense that investors are putting money into equities, given the low yields of what you can get on bonds, what you can get on cash, stocks that pay you a dividend – where that dividend grows; there's a argument to be made there that that plays a very important role in your long-term asset allocation. One of the things mentioned that is both good news and bad news is, corrections are normal. They're very normal. On average, if you go back 50 or 100 years, most years, there's a 5% correction, even 10% corrects are very common and one even deeper than that won't entirely be surprising. They're very hard to time and it's very difficult to say, 'Well there's about to be a correction so I'm not going to put money in the market, or I think there will be a correction so I'll wait and I'll put it in at the bottom.' That's very tricky and I generally recommend instead to make an allocation that you're comfortable with. Don't worry about that euphoria too much; be aware of it, but set your allocation and sleep on it."

In Clarke's presentation, he shared insights on T&T's Equity Market, highlighting that stocks as a leading economic indicator, and local market performance may be signalling a pending economic recovery. When asked about key factors that should be considered when investing for the long term, Clarke highlighted three main points: (1) **Recognise long-term trends**; focus on developing or longstanding trends such as growing markets and sectors, as well as transitions being driven by technology or consumer habits. (2) **Management Matters**; company management is often the distinguishing factor between long-term winners and losers. Remember the 3 C's – Character, Competency, Compensation. (3) **Expense Control**; a dollar saved is a dollar earned. Frequent trading or excessive fee structures can erode your returns over time.

Scotia insights was launched 5 years ago. In May last year, we converted our in-person event into an original web series. Featured guest speakers give the audience insight into their expertise and the audience is then encouraged to ask questions and engage in insightful discussions. Each time we host a new episode, we hope our invitees will be inspired to make significant adjustments in their lives and the way they operate business. Whether this means to determine a new path or follow a lifelong dream, it is important to us that we, at Scotiabank, help our customers evolve.

Eric Benner

Desha Rambhajan-Malli

Christopher Clarke

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