Assessing the S&P 500 Market Trend and what it means for Investors

written by InvestorNews | March 3, 2023

Every so often, I like to take a step back from the day-to-day gyrations of the market and have a look at what might be the overall market trend. It can be hard to swim against the current, so if the market is trending lower, then perhaps now isn't the time to be stepping into a longer-term story. However, if the market is trending higher, then you might be able to load up on a basket of more speculative names and not have to worry as much about whether they pan out right away or not.

At present, it appears there are four key focus points for investors – inflation, employment, interest rates, and earnings. It might be a little more complicated than that but you'll note I didn't include a recession. My observation is that a recession is somewhat irrelevant to the overall market performance right now. I suspect that could be due to continued strong employment numbers on both sides of the border, the market doesn't perceive that there will be a meaningful or severe recession in light of that. I'm sure the press will be happy to push the panic button if or when the economy slides into a recession but as I've discussed previously, by the time you can actually declare there is a recession, a forward-looking market could be starting a bull run and perhaps we already have.

Turning back to the key points I started with, they are all somewhat interrelated. Starting with inflation, it appears to be cooling marginally but not as much as I think the market, or more importantly the U.S. Federal Reserve, was expecting. Additionally, employment numbers continue to surprise to the strong side. This sticky inflation and strong employment lead to the potential for interest rates to stay where they are (or possibly even see another small increase or two) for a longer period of time, or until inflation gets back down closer to 3% (I know the Fed target is 2% but I think they'll blink before then). Higher interest rates for a longer period of time flow through to the cost of debt, and discount rates that are used to value companies, especially high-growth tech names which led the market for so long. The one piece of good news, about the four points, is that this latest earnings season was OK. Not great but also not terrible.

1-Year Chart – $SPX – S&P 500 Large Cap Index

Source: StockCharts.com

So where does this leave us? I think it means we see a market that is floundering without direction. January saw a nice little rally, February saw us give up most of those gains and the lack of conviction continues. The market is reacting here and there on specific news items but it doesn't necessarily lead to a broad-based move. For example, early in the week, there was some positive economic news out of China and the copper stocks all caught a pretty good bid. But that was short-lived as everyone waits for the next data point. Yesterday, one of the more hawkish members of the U.S. Federal Reserve made comments that the market interpreted very differently than I did, and we saw a mid-day rally. But again, it has little to no sustainable influence on the overall market trend.

Looking at the one-year chart for the S&P 500, the market has entered a bit of a sideways pattern. We might be in a slight uptrend that started last October with higher highs and higher lows. However, the current dip has to bottom out at the 3,850 level or higher. If it dips to 3,800 or lower then I would say we are likely rangebound between 3,650 and 4,150. Yesterday we bounced off one key support level and that's the 200-day moving average (3,940). This could signal a continuation of the uptrend but we won't know that until it goes back to test the 4,200 mark.

What lies ahead is anyone's guess at this point. If I had to make a call, I would guess we'll see stocks trade in a sideways pattern or range until something "gives". What do I mean by "gives"? Either inflation starts to noticeably move lower, sentiment towards "higher for longer" interest rates get ingrained and the market decides to get on with life instead of overanalyzing every data point that comes out, or other macro events occur that attract the attention of investors. Unfortunately, that doesn't help us determine if the next move for the market is up or down. But the next few days and the 3,940 level on the S&P 500 may go a long way toward helping us decide.

Why residential REITs could see a rebound in 2023

written by InvestorNews | March 3, 2023

Timing is everything. If I had written this article last week, like I intended to do but got distracted, I would already look like a hero. Several of the examples I will provide below are up 3-4% in just the last couple of days as the overall market is speculating on whether there will be an interest rate policy shift by the U.S. Federal Reserve. Or perhaps the markets are also seeing a late Santa Claus rally as tax loss selling seemed to carry on until very late in December. Maybe it's just the random walk of the market that is up for the last few days but might be down the next few. Regardless, whatever is causing this latest (temporary?) positive market momentum is somewhat irrelevant to today's investing theme because I'm looking out for weeks and months, not just the first few days of the year.

As the title suggests, today's theme is Real Estate Investment Trusts, but not all REITs. For those not familiar with this sector, there are many categories and even more individual names which cover a very broad spectrum when it comes to real estate. Generally speaking, REITs are categorized into Office (places where companies host employees that aren't working from home), Retail (shopping malls, strip malls, grocery stores, wherever you go to buy retail goods that aren't on-line), Industrial (typically warehouses, but can also house more service oriented businesses that don't have people coming into browse for goods), Residential or Multifamily (houses, apartments, condos, or anywhere an individual or family can live) and Specialty (everything else including a fairly unique name like American Tower Corporation (NYSE: AMT) which owns cellular towers and leases space to Telcos). There are a few other minor categories or sub-categories but I think you get the picture.

Today I'm going to single out the Residential segment, also commonly referred to as Multifamily, as a potential opportunity for investors in 2023. The premise is pretty simple – you gotta live somewhere. But before you roll your eyes and make a comment like "no sh*t Sherlock", hear me out as there is a little more to it than that.

There is a lot of jargon in the REIT analysis sector, like cap rates, AFFO, FFO, discount to NAV, all of which can be useful metrics, especially when comparing peers, but I'm looking at something a little more macro and a little simpler than what you might find in an Investment Advisor's research report. To expand on my "you gotta live somewhere" comment, I'm looking at the fact that mortgage rates have increased dramatically in the last 6 months. The U.S. Federal Reserve raised its Federal Funds Rate from 1% to 4.5% from June to December. Obviously, mortgage rates have followed suit, with the average 30-year fixed rate mortgage in the U.S. rising from roughly 3.0% in June to about 6.5% today. That has a material impact on how much house you can afford. Combine that with the fact that housing prices rallied substantially during the heart of the pandemic, as many people wanted a nicer space to work from home, and you have a situation where, in a very short period of time, a lot of people got priced out of home ownership.

Home prices have started to flatline or possibly even started to fall in some locations but not nearly enough to compensate for those much higher interest rates. Correspondingly, we've seen the impact of this over the last few weeks as one of the key drivers of inflation have been rising rental rates. Seems like all should be good for the residential REIT sector with all those rental properties available for those who can't afford to buy their own home. One could argue they should be at or near

52-week highs in a market that is supposed to be looking forward 6 months. Not even close. Most are at or near their 52-week lows, some are even at multi-year lows.

Why? One reason is that those pesky interest rates can be a bit of a double edged sword. As noted earlier, the “cap rate” is an important metric for REIT valuations. The capitalization rate, or cap rate, of a property, is the amount of money you can expect to get from a property compared to its value or price per year. This includes all the expenses of operating the property but does not include the costs of buying, selling, or financing the property. In Canada, the national average cap rate rose 39 bps from 5.42% at the beginning of 2022 to 5.81% as of Q3/22. A high interest savings account has gone from virtually nothing to over 4% during that same period. Naturally, you aren’t going to pay as much of a premium for the earning potential of a REIT when you can find something competitive in the form of a risk free investment.

This all sets the stage for why I think residential REITs could see a rebound in 2023. With strong demand for rental properties due to a combination of immigration and lack of housing affordability, you could see rental rates continue to rise as contracts are renewed. That implies that in 2023, cap rates should rise faster than competing investment alternatives like bonds or GICs/CDs. As long as the U.S. Federal Reserve doesn’t get carried away and we only see one or two more small rate increases with the potential for them to pivot later in the year, what was a headwind for the residential REIT sector in 2022, could become a tailwind for 2023. Not only do most of these REITs have monthly or quarterly distributions that range from 2% – 5% on an annual yield basis, but many are trading between 35% and 50% below their 52-week highs.

There’s more to my thesis than this, but if I’ve managed to keep your attention this far, I won't push my luck trying to keep it any longer. Instead, I will simply throw out some ideas that you can consider if you see any merit to my 2023 investing theme.

Company Name	Ticker	Market Cap	Annual Yield	Primary Location(s)
Equity Residential Property Trust	NYSE: EQR	US$ 21.7 B	4.20%	Boston, New York, Washington, D.C., Seattle, San Francisco and S. California
Avalonbay Communities	NYSE: AVB	US$ 22.1 B	3.90%	New England, New York/New Jersey metro area, Mid-Atlantic
Tricon Residential	NYSE: TCN TSX: TCN	C$ 2.9 B	3.00%	Orange County, California, as well as focus in the U.S. Sun Belt
Canadian Apartment Properties REIT	TSX: CAR.un	C$ 7.7 B	3.30%	Major urban centres across Canada
Killam Apartment REIT	TSX: KMP.un	C$ 1.9 B	4.20%	Atlantic Canada, Ontario, Alberta and British Columbia

---

Investing themes for 2023 Part 1 – Food Waste

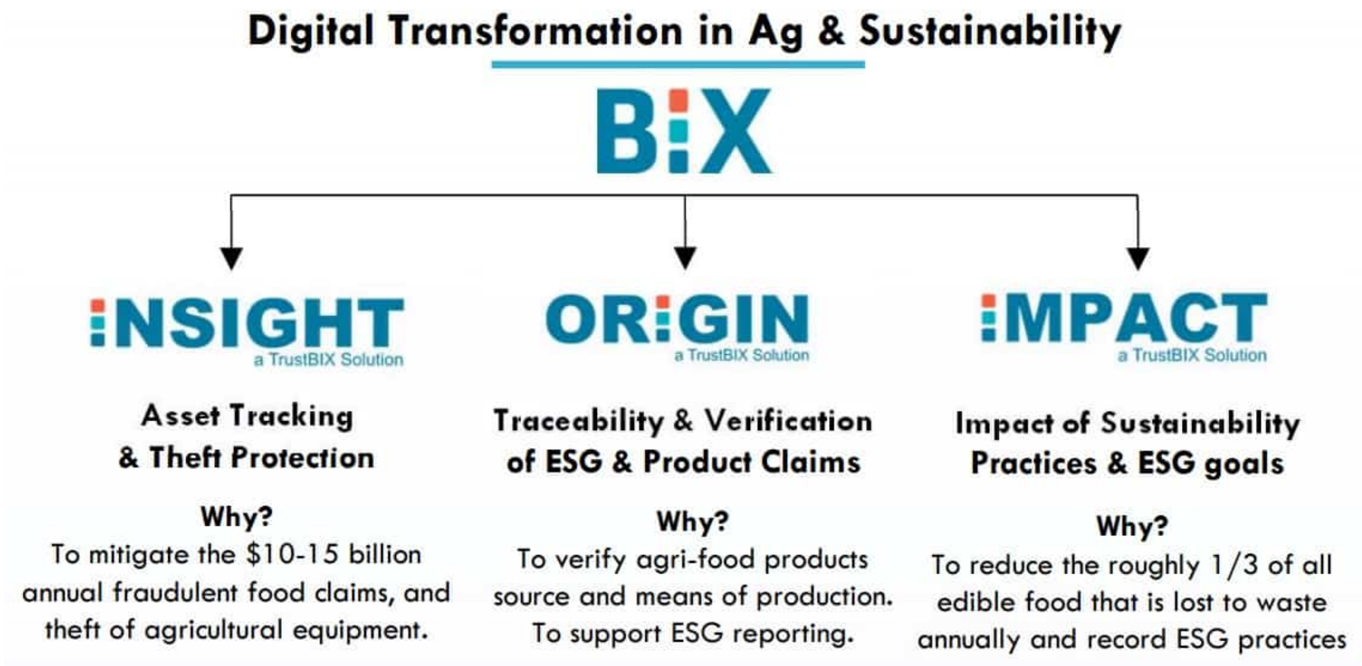
written by InvestorNews | March 3, 2023

Hello 2023! So long and good riddance to 2022. From a personal investment perspective, I'm more than happy to look at 2022 in the rear-view mirror. My year-end portfolio review was a sobering reminder of what I already knew, another lesson in humility that hopefully I will continue to learn from to become a better investor. Now it's a time for renewal and the look ahead to what might be in store for us in the weeks and months to come. What investment themes will emerge that will help soften the blow of the damage done in 2022. A healthy share of fossil fuel exposure in the first half of last year would have gone a long way to mitigating the carnage inflicted by big tech and crypto. Uranium and lithium stocks also started out the year strong but seemed to lose momentum as the year came to a close. Everyone seems to think we'll all be driving EV's in short order, but the stock price of many of those companies have been crushed of late. Are these buy the dip opportunities or is the market coming to the realization that we might be a little early for some of these trades?

I'm not sure that I have any useful insights for you based on my 2022 portfolio performance, but over the next couple of weeks I will take a stab at a few themes that might start to gain traction as 2023 progresses. With that said, there are several enormous macro issues (China/Taiwan, Russia/Ukraine, resurgent Covid to name just a few) out there that could completely trash any ideas I have and put them far from the focus of investors. Nevertheless, we have to start somewhere, so today we'll explore a broad theme of food security, sustainability and food waste reduction as inflation takes its toll on consumers world wide.

Food waste and spoilage statistics are quite alarming. According to the UN Environment Programme, about one-third of food produced globally for human consumption each year is lost or wasted. That is approximately 1.3 billion tonnes of edible food. Saving just a quarter of food lost or wasted globally each year would feed 870 million people. Not only does this result in financial losses but it also increases greenhouse gas emissions (another key theme and global focus). Are there ways to fix this? Yes. But similar to reducing our global carbon footprint it's going to take time and a concerted effort. However, I would argue that there is a much greater economic incentive today to reduce food waste given everyone's concern about food prices relative to opinions even as recent as a year ago.

One group at the forefront of trying to remedy this situation is TrustBIX Inc. (TSXV: TBIX | OTCQB: TBIXF). As an innovative leader, TrustBIX provides agri-food traceability and chain of custody value solutions. The Company's goal is to create a world where we trust more, waste less and reward sustainable behaviour by addressing consumer and agri-food business demands. The proprietary platform, BIX (Business InfoXchange system), is designed to create trust without compromising privacy through innovative, blockchain-derived use of technology and data.



Source: TrustBIX Fact Sheet

The existing customer base includes hundreds of producers, auction markets, and feedlots. TrustBIX has a market presence in Canada, the USA, China, Mexico, and a healthy baseline of one-time and recurring revenue. Some notable customers include two of the largest beef companies in Canada, JBS Canada and Cargill, as well as household names such as McDonald's and Loblaw's (Real Canadian Superstore). Additionally, the Company will be presenting at this year's CES (Consumer Electronic Show) in Las Vegas where they will be exposed to plenty of industry heavyweights. Even more exciting for the company is that they will be on a panel discussing "Cross-Industry Opportunities for Consumer Tech" along with John Sheehan, a Strategy and BD executive with Amazon Web Services' Aerospace & Satellite group. That seems like someone worthwhile getting to know, especially for a Company with a market cap of only C$3 million.

Will TrustBIX be a good way to play the food security and waste prevention theme in 2023? Only time will tell. But I dare say that the food theme will at least start the year at or near the top of everyone's list of concerns.

Here's a thought, buy the recession

written by InvestorNews | March 3, 2023

Recession, bear market rally, China zero covid policy, short covering, tax loss selling, Santa Claus rally, crypto nuclear winter, the markets have all the makings of a Netflix series at present. How do we dig through the weeds and figure out what is ahead for investors and will we like it or not? I certainly don't have all the answers (if any of the answers) but I will make a few comments that may or may not provide some clarity. Generally speaking, it looks like Central Banks (Canada & U.S.) are starting to taper their interest rate hikes. It feels like there is maybe 0.75% to 1.00% left to go, likely spread out over two or three more hikes, and then everyone will wait and see what happens next. The markets have been anxiously awaiting this signal for quite some time, with a few head fakes along the way. This should be good but only if it's not too late and the actions to date haven't already taken too much momentum out of the market.

Rising interest rates along with sky-high food inflation already has plenty of news agencies and market "experts" ringing the recession alarm bells. However, all recessions are not created equal. If it's short and shallow, then the second the statistics give the press all they need to go invoke fear into the hearts and minds of all who will listen, it probably means it's time to buy. Why would I say that? I’m hearing – moron, nut case, and perhaps a few other comments being muttered under people’s breath (or possibly out loud), but hear me out. The actual data required to call a recession (generally identified as a fall in GDP in two successive quarters) is backward looking and arguably we will have been in a recession for 6+ months by the time it’s official. The market is forward looking, generally considered to be pricing equities based on the coming 6 months (give or take). That suggests at least an entire year between when the recession has officially started and where the market is looking. If inflation is truly coming off the boil and interest rates are close to hitting their near term peak, and may even start moving back down if the Central Banks panic about recession, then it could be the start of the next bull market.

Of course, it’s not that simple. A very important factor on where equities go is earnings. Thus far earnings haven’t been too bad overall, although there have been a few big companies that got soundly thrashed by the markets for misses and disappointments. As long as it is a sound business, with revenue and/or income growth, and modest levels of debt, then as the markets regain confidence, we could see multiple expansion (P/E, EV/EBITDA or whatever metric is most applicable) and all is good again. Another key item that the Central Banks watch is employment, which continues to be quite strong in Canada, albeit slightly weaker in the U.S. but still pretty solid. It’s very difficult to foresee a deep and problematic recession when most key economic stats are progressing relatively smoothly.

However, there is one bogeyman out there and that is the spread between the US 2 year bond yield and the US 10 year bond yield, which when inverted can be a harbinger of tough times. A negative 10-2 yield spread has historically been viewed as a precursor to a recessionary period and is said to have predicted every recession from 1955 to 2018. I’ve also heard that this metric has predicted 12 of the last 5 recessions, so one has to be careful with buying into the doom and gloom that a recession is inevitable. With that said, this measure continues setting new 5 year low (or high) negative spreads.

Despite my cautious optimism, there is still likely to be some volatility ahead. It's entirely possible for the market to retest recent lows before my "buy the recession" theory is plausible. Especially given we aren't actually in a recession yet. However, if there is another test to the downside I'm looking at the 3,600-3,650 level on the S&P 500 as the key technical support level to signal a bottom might be in. If that doesn't hold, next support is 3,400 or possibly even down to 3,200 (which UBS analysts called for in early November). Wherever the S&P 500 finds its bottom, if the media is shouting from the rooftops that we are now truly in a recession, it could well be time to buy.

Investing in ESG Makes Money

written by Melissa (Mel) Sanderson | March 3, 2023

Have you noticed that there are a couple of weird things about the spate of recent public temper tantrums by elected officials about ESG matters, especially in the US? Weird thing number one: the gripers all are politicians, so far universally from the Republican Party, which USED to be the pro-business party. Second weird thing: most businesses aren't wasting time griping, they are adapting – and finding that doing so makes money.

Yes, you read that right – done properly, embracing ESG metrics can make money – for companies and investors – while improving livelihoods and helping to slow the impacts of climate change.

An article in the Toronto Star this month entitled *World's Biggest Carbon-emissions cutters – including TransAlta and CP Rail – also make money, new report find*s is a clear example that across industries, companies willing to invest in changing their behavior and reducing their environmental impact, especially in the key area of carbon reduction, can and do maintain their bottom lines and in some cases have increased their profitability due to cost reductions inherent in new technologies. This in turn, of course, leads to increased benefits to shareholders and other stakeholders. This is substantiated by a Morningstar study in which the group concluded that investors can build a global portfolio of companies with positive ESG attributes without compromising returns.

Likewise, research by MSCI classifying funds by their ESG exposure shows a clear and growing investor preference for funds and companies with strong ESG compliance. The MSCI study grouped funds into buckets ranging from AAA (fund is exposed to companies tending to show strong or improving management of financially relevant ESG issues and which may be more resilient to disruptions arising from ESG events) to CCC (fund is exposed to companies not demonstrating adequate management of ESG risks and which may be more vulnerable to disruptions arising from ESG events). MSCI concluded that over $1 trillion has moved from funds on the lower end of the scale to the higher end over the last decade – a movement which appears to be accelerating. In studying the profile of investors, the MSCI analysis found that 88% of high-net worth millennials are actively reviewing the ESG impact of their investment holdings, while 89% of the same group expect their financial professional to do a deep dive into a company's ESG factors and history with ESG issues before recommending an investment opportunity.

Conversely, *not* taking action to do more on ESG issues leads to substantial negative consequences for companies, investors and stakeholders.

A recent study by the Harvard Business Journal cited insurance giant Swiss Re saying that *not* acting on climate will destroy around 18% of global GDP by 2050. If you stop and think about that for a moment, it's a staggering statement of risk. But the Harvard wonks took that a step further, examining the diverse consequences of climate change in which some areas, such as Siberia, might find growing seasons extended, but in other places (such as Phoenix, my home) cities could become too hot to be livable while some island nations will be swallowed by rising seas. This means, they concluded, that the downside risk for certain regional and (in the case of islands) national economies could be 100%, not 18%.

There's a third weird thing about the political opposition to ESG. If investors want to put their money into companies engaging in climate-positive actions, and if companies are actively revising their business models to be more climate friendly – what exactly is the problem that these politicians supposedly are concerned with?

When you break down the principles of ESG into their most basic components, it simply amounts to doing the right things for people and the planet.

What's wrong with that?

Disclaimer: *The editor of this post may or may not be a securities holder of any of the companies mentioned in this column. None of the companies discussed in the above feature have paid for this content. The writer of this article/post/column/opinion is not an investment advisor, and is neither licensed to nor is making any buy or sell recommendations. For more information about this or any other company, please review all public documents to conduct your own due diligence. To access the InvestorIntel.com Disclaimer, click here*

Defiant American States will be the big losers in the ESG Money Wars

written by Melissa (Mel) Sanderson | March 3, 2023

The Governor of the State of Louisiana has joined political colleagues in Texas and Florida in ordering that State funds should be withdrawn from financial institutions choosing to realign their investment portfolios to include more alternative energy producers and fewer carbon intensive sources. State

Treasurer John Schroder effectively denounced this forward-looking investment strategy – and indeed, by implication, the right of banks to re-balance in light of changing economic circumstances – when he said: “This divestment is necessary to protect Louisiana from mandates BlackRock has called for that would cripple our critical energy sector.”

Now, let’s be clear about a couple of things. The real reference here is to the oil and coal industries, which are the largest contributors to the State’s tax base and generate approximately 8% of its GDP. Louisiana is the third largest petroleum producer in the US and the fifth largest refiner. In addition, the Louisiana Oil Port, the only one of its kind in the US, is the entry point for the majority of foreign oil entering the US. This is a valuable asset worth protecting, and as current economic developments underscore, one worth defending for a variety of reasons.

However – and this is a significant “but” – there are better and more worthwhile ways to protect oil’s position as an element of the national energy composition than trying to punish financial institutions for rational investment decisions.

For instance: the State could consider using all or a portion of the returns on its BlackRock portfolio to further incentivize oil companies to accelerate deployment of cleaner technologies in both extraction and production. Or for instance, it could use those same returns to bolster employment and economic development in neighbors near refineries considered “disadvantaged.” Another option would be using those returns to reinforce shore defenses against rising sea levels – which also will begin affecting the oil industry in the not-so-distant future.

Any of these – or even better ideas – would have allowed the

State to continue a financially beneficial relationship with BlackRock, and contribute to the well-being of the State employees part of whose retirement fund no doubt is affected by this decision while allowing the State to claim credit for behaving in a responsible “greener” fashion.

Let’s not forget that as well as the direct blast at BlackRock, at least 7 foreign banks were caught in the riptide of this decision. In response to a question during their panel at the FT-Nikkei “Investing in America” conference in New York October 6, Gerald Walker, ING Americas CEO, and Timothy Wennes, CEO of Santander Bank US, both dismissed the financial significance of decisions by Louisiana and other States as relatively insignificant in the scale of the trillions of assets they have under management. Walker also pointed out that investment decisions reflect market factors including elements such as the growing share of alternatives in the US energy mix. Both men agreed that social pressures driving impact investment, in which consumers and institutional investors alike are increasingly using ESG factors in determining resource allocations are having a noticeable effect but are not solely determinative for portfolio decisions.

A word of advice to State governments thinking they can scare banks into maintaining the investment status quo: you are doing more harm to your State than to the Bank, and trying to use political levers to alter the course of investment decisions has not and will not work.

Disclaimer: *The editor of this post may or may not be a securities holder of any of the companies mentioned in this column. None of the companies discussed in the above feature have paid for this content. The writer of this article/post/column/opinion is not an investment advisor, and is neither licensed to nor is making any buy or sell* *recommendations. For more information about this or any other company, please review all public documents to conduct your own due diligence. To access the InvestorIntel.com Disclaimer, [click here]*

A diversified 6% dividend yield portfolio is still possible in these uncertain times

written by InvestorNews | March 3, 2023

Those of a certain vintage remember when interest rates were truly high. Today doesn't hold a torch to the late 1970s through to the start of the 1990s. Double digits were pretty standard and in the early 1980's if you didn't have the best credit rating you could easily have a mortgage or a car loan with an interest rate that was over 20%. My first mortgage was a steal of a deal relative to that at a mere 11%. Of course the flip side was that GIC's and other fixed income rates were also hard to imagine in today's reality. One of my first investments was a strip coupon bond with a yield of 9%. If only the maturity on that bond was 2026, I'd be an investing hero. But it wasn't and I'm not, so where am I going with this?

Since the turn of the century, 5% has been considered a pretty good investment return if you could get it. Obviously the safer or lower risk the investment the better, but for two decades now we've been beggars not choosers. A 6% annual return is considered pretty good by today’s investing standards and typically you have to reach into some riskier places to try and achieve that kind of return year after year after year. However, the market sell off over most of 2022 and in particular June and September have created the opportunity to put together a diversified 5-10 stock portfolio whereby all the holdings currently yield over 6% dividends, are reasonably blue chip stocks and should see those dividends be somewhat sustainable or potentially even grow over time. And this is a straight forward, buy and hold type of exercise. I’m not talking about enhancing yields with options or any other voodoo magic. Every once in a while the market serves you up an opportunity and you can decide if you are willing to embrace that opportunity. I’m not an investment advisor and this isn’t investment advice; it’s more of a thought exercise. Let’s dive into this idea and you can decide if your definition of blue chip or low risk is similar to mine.

In Canada we hold our big 5 banks in fairly high regard. They survived the Great Financial Crisis (2008) as some of the best performing banks in the world. So it should come as no shock that the first equity I’m looking at is one of those five – Bank of Nova Scotia (TSX: BNS | NYSE: BNS). The Bank of Nova Scotia, is a Canadian multinational banking and financial services company headquartered in Toronto, Ontario. It is the third largest Canadian bank by deposits and market capitalization (C$79 billion). As of Monday’s close of C$65.58, BNS was yielding 6.28% with its quarterly dividend of C$1.03.

Next up we have another industry giant but this time in the energy infrastructure business. Enbridge Inc. (TSX: ENB | NYSE: ENB) owns and operates pipelines throughout Canada and the United States, transporting crude oil, natural gas, and natural gas liquids. Enbridge’s pipeline system is the longest in North America. The market cap of Enbridge at the beginning of the week’s close (C$52.49) was C$106 billion and its yield was 6.55% based on its quarterly dividend of C$0.86. If you prefer natural gas exposure to the more “oily” Enbridge or you simply aren’t a fan of Enbridge, another example in the sector is TC Energy Corp (TSX: TRP | NYSE: TRP) another major North American energy company that develops and operates energy infrastructure in Canada, the United States, and Mexico. This C$57 billion market cap company closed Monday at C$57.84, giving it a yield of 6.22% based on its quarterly dividend of C$0.90.

Switching gears to another borderline monopoly business segment in Canada, the telecom sector, we find the biggest of the 4 titans (possibly soon to be three) with BCE Inc. (TSX: BCE | NYSE: BCE). BCE is a Canadian holding company for Bell Canada, which includes telecommunications providers and various mass media assets under its subsidiary Bell Media Inc. Despite being up 3.7% on the day Monday to C$60.06, this C$55 billion market cap company has a 6.13% yield based on its C$0.92 quarterly dividend.

When it comes to sustainable dividends it seems the utility sector is the poster child. Accordingly, this is the next sector to look at to help diversify holdings in the search for all those juicy dividends. There are a couple of options in this category to review. The first is Algonquin Power & Utilities Corp. (TSX: AQN | NYSE: AQN) a Canadian renewable energy and regulated utility conglomerate with assets across North America. The only shortcoming of the utility names is that they are a little on the small side with Algonquin presently sitting at a C$10.6 billion market cap but also trading at its 2 year low, which may have some appeal to investors. At C$15.59, Algonquin is yielding 6.31% with its C$0.25 quarterly dividend. An alternative name is TransAlta Renewables Inc. (TSX: RNW), another renewable energy company trading near its 2 year low at C$14.95. Even smaller at C$4 billion market cap, this may not be blue chip or low risk enough for some people's liking but it is yielding 6.29% with its C$0.07833 monthly dividend.

These next possibilities may be seen as not being much diversification from companies like the Bank of Nova Scotia. The first is Power Corporation of Canada (TSX: POW) which is a management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are insurance, retirement, wealth management and investment management, including a portfolio of alternative investment platforms. This C$19.6 billion market cap company sports a 6.2% yield based on a C$0.49 quarterly dividend and Monday's C$31.93 closing price. If you want a more pure play on insurance without the investment management there are Power Corp's subsidiaries Great-West Lifeco, Inc. (TSX: GWO), a Canadian insurance-centered financial holding company that operates in North America, Europe and Asia. At C$30.46 GWO yields 6.43% with its C$0.49 quarterly dividend. The third option just squeaks into this article at exactly a 6% yield based on its close Monday of C$22.00 and C$0.33 quarterly dividend. That company is Manulife Financial Corp (TSX: MFC | NYSE: MFC), a C$41.8 billion market cap multinational insurance and financial services company operating in Canada, Asia and in the United States primarily through its John Hancock Financial division

Then there are all the REITs in Canada, of which at least half a dozen trade with 6+% yields. I'm only going to provide two as examples so we aren't here all day but there are plenty more to choose from. Chartwell Retirement Residences (TSX: CSH.un) is the largest provider of seniors' housing in Canada, with over 200 locations offering independent living, independent supportive living, assisted living, memory care, and long-term care facilities. Dream Industrial REIT (TSX: DIR.un) is the owner and operator of a diversified portfolio of high-quality industrial real estate in Canada, the U.S. and Europe. Again, both are smaller cap companies and are trading close to 2 year lows, which may or may not be appealing. The stats are a 6.49% yield for Chartwell (C$2.2 billion market Cap) with its C$0.051 per month dividend closing at C$9.43 Monday, while Dream Industrial sports a 6.39% yield, a C$2.8 billion market cap and monthly dividend of C$0.5833.

And there you have it, a few examples of how a small portfolio of high dividend yield companies is possible with as much or as little risk or diversification as an investor might be comfortable with. No matter how funds might have been allocated to any or all of the names above, it would have fetched a dividend yield of over 6% based on Monday’s close. With that said, with a little looking there are plenty of other investment options available that are yielding north of 6%, plus a bunch more between 5% and 6%, so if yield is an important part of a portfolio, now might be a good time to review what could potentially be upgraded to lower risk names with a higher likelihood of sustaining or even growing those lovely dividends.

Cam Currie of Canaccord Genuity talks about metals as a vital hedge against inflationary pressure

written by InvestorNews | March 3, 2023

In this InvestorIntel interview Tracy Weslosky talks to Cam Currie, Senior Investment Advisor at Canaccord Genuity Wealth Management and the Principal, Currie Metals and Mining Group, who is among Canada's top 150 investment advisors with 32 years' experience in metals and mining.

In the interview, which can also be viewed in full on the InvestorIntel YouTube channel (click here), Cam discusses the changing fundamentals of the current market. "We have been concentrating on focusing clients on metals and mining for a number of reasons," he tells Tracy. "It's a supply side issue and people don't understand that there's no money going to the ground. There are no projects coming on the pipeline and with the EV movement evolving, copper over time will do very, very well."

As well Cam says that he is "very bullish on precious metals and I've actually been very much a crusader in the industry. I meet with the World Gold Council on a regular basis." He observes that short-term gold prices have been artificially kept down because of the strength of the U.S. dollar, but he remains "extremely bullish – we're adding to positions very aggressively." He adds: "I have a basket of companies and again they range from seniors and mid-tiers to developers. I don't play in the junior exploration grassroots because I think that's just too high risk."

Cam also talks about the opportunities and risks presented by the current inflationary environment, and how some of the world's leading precious metals investment groups are positioning themselves to counter today's risks in the bond/equity markets: "If you have a portfolio right now with a 60/40 bond-equity composition that's not going to work for you going forward. You have to have a metals component to hedge against the uncertainties of that."

About Canaccord Genuity Wealth Management

We are a boutique investment management firm with offices and Investment Advisors around the world, connected to global commerce and focused on deep client relationships. Canaccord Genuity Wealth Management is a full-service firm that leverages our unique approach to commerce and clients into insight-driven advantage and personalized solutions.

To access the full InvestorIntel interview, click here

Don't miss other InvestorIntel interviews. Subscribe to the InvestorIntel YouTube channel by clicking here.

Disclaimer: This interview, which was produced by InvestorIntel Corp., (IIC), does not contain, nor does it purport to contain, a summary of all the material information concerning the "Company" being interviewed. IIC offers no representations or warranties that any of the information contained in this interview is accurate or complete.

This presentation may contain "forward-looking statements" within the meaning of applicable Canadian securities legislation. Forward-looking statements are based on the opinions and assumptions of the management of the Company as of the date made. They are inherently susceptible to uncertainty and other factors that could cause actual events/results to differ materially from these forward-looking statements. Additional risks and uncertainties, including those that the Company does not know about now or that it currently deems immaterial, may also adversely affect the Company's business or any investment therein.

Any projections given are principally intended for use as objectives and are not intended, and should not be taken, as assurances that the projected results will be obtained by the Company. The assumptions used may not prove to be accurate and a potential decline in the Company's financial condition or results of operations may negatively impact the value of its securities. Prospective investors are urged to review the Company's profile on Sedar.com and to carry out independent investigations in order to determine their interest in investing in the Company.

If you have any questions surrounding the content of this interview, please contact us at +1 416 792 8228 and/or email us direct at info@investorintel.com.

Inflationary Thoughts, and What to Do as Things Unfold

written by InvestorNews | March 3, 2023

Like many people (perhaps like you, dear reader), I'm a creature of habit.

For example, when I buy something in a store I always ask for a receipt. Or I hit the button for a receipt if it's one of those self-serve dispensers, like with fuel pumps at a gas station. Then I fold the receipt and drop it into the left pocket of my trousers. See? Habit.

Later, I empty my pockets, take the receipts, and stuff them into an envelope on my desk. The idea is that I'll sort them later for taxes. Except I hardly ever do that last part. Staying organized for taxes is not a habit, I guess.

At any rate, this short, personal confession is my way of introducing a quick discussion about inflation, currently over 8.5% per no less than the U.S. Government. And it's likely even more than that number because I believe that government bureaucrats badly misperceive and understate reality.

So, here's what happened. The other day I was cleaning my desk and found a stash of gasoline receipts from about a year ago. Back then it cost about $35 to $40 to fill the fuel tank of my car.

Lately, though, it costs me about $70 to $75 to fill my gas tank. That's about 80% more than a year ago.

Same car. Same fuel tank. My driving habits are about the same. Same roads. Same trips to the store, errands, etc. Same everything, except that it costs me much more to fill the tank.

There's a reason for this, of course. A year ago, the price of oil was nestled in the range of $65 per barrel. Today it's north of $110. Do the math, right? The price of oil controls the price of motor fuel. Oil up, gasoline up; cause and effect.

Meanwhile, rising prices for energy – oil, gasoline, diesel – explain a big whack of why the rate of inflation is high and increasing, not just at the fuel pumps but at the grocery store and pretty much everywhere else.

Inflation is up because the global supply of energy is tight, which is certainly the case for oil, and also the scenario for much else in the arena of fuels.

And energy demand is up due to a global recovery from Covid. More people want more and more energy. And due to the massive levels of government spending over the past couple years, there's money out there to chase it.

In other words, demand/people/money are chasing – or more precisely, "cornering" – a relatively static supply of oil, hence higher prices to clear the market.

All this, while higher costs for energy flow through to everything.

Higher energy costs affect what you pay to drive your car, and what it costs farmers and processors to produce food and other goods, and what it costs manufacturers and shippers to create and move everything, and eventually deliver it to stores where people buy it all.

In this regard, inflation is now truly structural. That is, inflation is built into the entire economic system. It's deeply rooted in the fundamentals of energy availability, and how much energy costs its end-users.

Now, consider a follow-on point to what we just discussed. That is, absent a lot of additional energy miraculously showing up and hitting the system (hint: very unlikely) the whole situation will remain bad, if not get worse.

However bad you think it is now – high prices at the gas pump or supermarket – it's about to hurt even more. There's no relief in sight, unless you're one of those well-insulated people who want to see a major global recession to, as the saying goes, "destroy demand."

The takeaway here is that inflation is structural. So stand by for more of it. Stand by for higher prices. Stand by for your dollars to buy less and less, while your quality of living declines.

And okay, one more takeaway, with an upbeat angle. Looking ahead, hard assets – real things like metals and energy resources – will not only hold their value through the coming storm, but preserve and create wealth for the holders.

On that last point, invest accordingly.

That's all for now… Thank you for subscribing and reading.

Drilling and cash the key to picking the next junior gold explorer break out

written by InvestorNews | March 3, 2023
In early September, 2021 I wrote an article on the merits of potentially investing in gold, more specifically the gold miners, as they had been underperforming the underlying commodity price. Did the trade work out? It depends on when you bought and if/when you sold. Frankly, I'm not overly concerned because I'm not an investment advisor and I'm not qualified to provide anyone with investment recommendations. I'm simply trying to present ideas to readers that they can evaluate on their own and decide if it's a good idea for them in the context

of their risk/reward profile. With that said, I will take another stab at trying to make a case for the potential to invest in junior gold explorers in the context of the current market.

As I noted in the first article, I'm not a gold bug, I'm just an investor. I have no vested interest in talking up gold or any of the underlying equities. However, because I write about a lot of junior mining stocks, many of them being gold explorers or at least companies having some precious metal exposure, I've noticed of late that a lot of them are trading at or near 52-week lows. This got me wondering if there was a legit reason for this or if the junior sector was simply getting crushed by a massive "risk-off" trade. Of note, I'm specifically looking at explorers this time around, not producers. Producers have been facing their own set of challenges with rapidly increasing costs, like Equinox Gold Corp. (TSX: EQX | AMEX: EQX) or geopolitical risks like Kinross Gold Corp. (TSX: K | NYSE: KGC). Check out how Equinox performed at the end of April when they guided much higher with their AISC (all in sustaining cost) than the market was expecting. And they aren't alone in this issue, so I figured I'd stick to the segment of the market that is purely driven by drilling results and optimism around gold prices.

As for the price of gold, if I had a dollar for every "expert" on the business news channels over the last 6 months that got the call on gold prices correct, I wouldn't have very much money right now. Back in September I simply stated that the price of gold looked OK but not outstanding. A 1-year chart had support levels at $1,770 and $1,675 with upside to potentially test $2,000 but if the price rallied back above $1,850 for a couple of days I would change my tune. Gold got down to $1,740 in late September, made a "head fake" break out above $1,850 for 2 weeks in November, retested $1,775 in December then went on a great run up to $2,000 in March. I could argue I was right, and someone could just as easily argue I was wrong. Timing is everything and everything changes with time.

Fast forward 8 months and not much has changed from a technical perspective. I still see support around $1,750 with an upside to $2,050 but it would have to trade above $1,910 for me to get excited right now, which seems to be an interesting resistance level, as well it would get you above the 200 day moving average. Of note, it appears that gold is pretty safe to sell if the RSI (relative strength index at the top of the chart) gets above 70 and potentially a buy when the RSI touches 30.

Source: Stockcharts.com

What I didn't do last time, but will endeavor to undertake this time, is some macro comments on why gold the commodity may be poised to finally break out. Generally speaking, gold tends to have a negative correlation to the US Dollar, which recently hit all time highs relative to virtually every major currency. The US Dollar is overbought and appears to be starting to roll over. This could result in some bullish sentiment returning to gold. Another macro observation is that gold seemed to be fighting for investing interest with the crypto universe. Cryptocurrencies were being billed as the new gold. At least for the time being, that doesn't seem to be the case as crypto investors appear to be running for the exits. Will gold benefit from this? We may never know but it likely doesn't hurt gold's popularity. Lastly, gold is sometimes considered an inflation hedge and if you've put gas in your car or been grocery shopping you know inflation is taking its toll. Right now funds flow appears to be chasing oil stocks as the inflation hedge but once portfolio managers hit a certain threshold of oil exposure they will look elsewhere. Perhaps that could be a tailwind for gold, but this is the factor I have the least confidence in.

So what does it all mean? Putting a bunch of mixed and random thoughts together has led me to believe that junior gold mining explorers may be getting unduly punished right now by a market full of uncertainty bordering on fear. However, the opportunity is not broad based. You want to look at companies with cash to fund future drilling because if they don’t have the money right now, you don’t want to be out raising capital at 52-week lows. Preferably you want to find companies with active drilling underway so you don’t have to wait too long for news to come along but having cash is the #1 priority.

Here are a couple of ideas in no particular order, including Troilus Gold Corp. (TSX: TLG | OTCQX: CHXMF) and Westward Gold Inc. (CSE: WG | OTCQB: WGLIF), that meet the criteria of cashed up and drilling like mad.