

What do investors know that we do not know?

*Dear friends... Thank you all for your feedback and kind comments. Judging from your many emails, I must have hit the nail right on the head with my latest BLOG “**Searching for good news amid the storm**”. Always grateful for your support. We all could use some encouraging news these days.*

While the media is still hammering the increased cases of COVID-19, and governments are returning to restrictive measures of shutdowns to control the second wave, I went hunting again for positive information and trends. I found many to share with you. As always, I used only factual information from sources I believed reliable. Without ignoring the real threat and menace of COVID-19 and with my deep regret for the lost lives, here are some key facts:

- COVID-19 is NOT fatal to 99.99% of people under the age of 65
- COVID-19 is NOT fatal to 94.6% of people above the age of 65
- 98% of people who did contract COVID-19 survived
- Over 80% of fatalities from COVID-19 are people who also suffer from other significant illness
- As of October 24, 2020, there were 5648 confirmed cases in Canada per one million, which gives me 0.5%

Yes, there is an increase of cases during the second wave, but that is largely due to increased testing. The increased cases have not been accompanied by increased fatalities or overloading of hospitals. Any overloading is a result of build up. There was a back log of people with delayed treatments from March 2020. That was 8 months ago! Governments responded at the time to help those affected by the shutdown— rightfully so—but this assistance is NOT fiscally sustainable going forward. Borrowed money must be returned one way or another.

While I am sure the motives of politicians are sincere, it appears that the **cure is causing more damage than the disease itself**. Just consider for a moment what has happened:

- The shutdowns have caused a recessionary economy, many small businesses have already shut down and closed their doors, and the unemployment rate has skyrocketed.
- We not only have prevented people from working, but also, it seems to me that for many, we have removed the incentive to work.
- We delayed treatments, surgeries and countless medical procedures that are considered pro-active in keeping the population free. Among these include cancer screenings routine vaccinations and check-ups.
- We have closed schools, gyms, cinemas, restaurants, and playgrounds; leaving parents, children, singles and couples of all ages dealing with stress, loneliness, and a myriad of emotional and mental health issues caused by being shut in and shut down.

In a nutshell: more serious pain and devastating effects than the one we wanted to control. Building natural immunity and enforcing strong hygiene measures will help build our “herd immunity”. Protecting the vulnerable should be the focus; encouraging the able to resume life should be the real objective.

A brief look at the financial picture

In my last BLOG I provided examples of the many companies that have benefited from COVID-19, as reflected by their strong financial performance with healthy growth of their sales and profits. I also underlined the fact that all three level of governments – federal, provincial, and municipal – have had stable employment and steady payroll, so I will not repeat myself.

One more trend going relatively unnoticed by the media is the IPO market (Initial Public Offering), which has been “on Fire” to say the least. 2020 will end up being the best year since the “tech bubble” to IPO a company. The number of companies having IPO’ed stands at its highest annual total since 2000! Moreover, the amount of capital raised will register new record numbers. This is not only for the USA, here in Canada, the volume of capital also raised is on track to be the best year since 2010. **My question is: what do investors know that we do not know?**

Something in me says that some aspects of the coronavirus have been conveniently used to build fear, influence political tactics, and actually cause an economic recession with some social unrest. I could be wrong of course, but I predict that once the Americans and the world know the outcome of the US election, one way or the other, much of the COVID-19 storm will subside.

My forecast made in April 2020 for the rest of the year, (reproduced below) thus far has proven to be essentially “on target”. I am therefore predicting that by January 2021, Coronavirus will slowly dwindle away. If wrong, I will ask for forgiveness, if right, I will thank that little voice inside me.

| Key Areas + Actions 2020 | March | April | May | June | July | August | Sept. | Oct. | Nov. | Dec. |
|---|---|-------------------------|--|------------------------------------|-------------------------------|----------------------------|---|---------------------|------------------|------|
| Testing T | Not enough | | Better T | Better T | Better T | Testing OK and steady | | | | |
| Containment Efforts CE (*) | Limited CE | More CE | Enforcing CE | Some pull-back but still in effect | | | More Pull back | | Medium CE | |
| Stimulus + Government help | None | Introduced | Improving help and introducing more assistance | | | | Stabilizing Phase | | Monitoring Phase | |
| Infection Cases IC | Limited | More IC | Some Stability | More Stability | | Potential effect of Wave 2 | | Return to Stability | Decline | |
| Deaths D | Few D | More Deaths | | Stability | Better stability Some Decline | | More Stability in D | | Decline in D | |
| Ventilators V | Limited | Shortage | Shortage | Better | Better | Capacity OK | Capacity OK | Sufficient Capacity | | |
| Drug Treatments DT | No or very limited DT Mainly Treating symptoms | | | | New DT being tested | | OK and improving – now several options DT | | | |
| Targeted Antibodies TA | None | | | | Testing TA | | R&D improving TA | | | |
| Vaccine V | None | Active V R & D on-going | | | | | V R & D positive and showing options | | | |
| Severity Index and Early Warning System needed | It is disappointing that China did not communicate the severity of COVID – 19 until January 2020 and that the WHO did not declare a pandemic until March 11, 2020 . In future, an early warning system is needed to help provide a much better and timely response to potential global pandemic. | | | | | | | | | |

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