BLA Private Wealth

RAYMOND JAMES®

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We hope you and your family remain safe and healthy. It has now been a full year since COVID emerged. We remain hopeful a return to normal is around the corner. Over the last few months, we expanded our team by welcoming Tolga Cetinkaya as our client service assistant, and we re-branded to BLA Private Wealth, or at length, Bee Lee & Associates Private Wealth. We believe this new team name resonates much better as our team grows. In addition, we will be launching a new website in the coming weeks. We will let you know as soon as it goes live.

Our next Client Insights webinar titled, *Navigating The Longevity Economy with Joseph Coughlin* will take place on May 20, 2021 (10:00 am PT/1:00 pm ET). You can register by visiting the link below:

https://raymondjames.zoom.us/webinar/register/WN_usk0sw7GT9C6YzazZUb31w

Some background on the webinar: Demographic trends are set to transform how we will live life tomorrow. The population will be older. Younger people are generally 7-10 years 'delayed' in doing what previous generations did at younger ages, e.g., driving, childbirth, moving from their parents' home. More people are living solo - households of one person are among the fastest growing household arrangements in North America, parts of Asia and all of Europe. And, from consumer behaviour to starting new businesses, women are playing an important role. This entertaining and engaging talk invites the audience to think and laugh about emerging trends and lifestyles, the implications of cool (and often creepy) technologies, and what they might mean for living and planning life tomorrow.

If you’re unable to attend – we will be sending out a replay of the webinar once it becomes available.

Lastly, we launched a retirement income tool. By visiting the website below, you will be able to enter your current financial situation and it will calculate what is needed to help you achieve your retirement goals.

https://my.razorplan.com/RJ/Advisor?advId=060DBD22

We hope everyone stays safe, healthy and please don’t hesitate to contact us at any time if you have any questions regarding your investments or financial plan.

Insights

Our strategy in this volatile market

In recent months, there has been a rotation out of growth stocks and into value stocks. The gradual return to normalcy and large fiscal stimulus should favour value stocks with greater sensitivity to economic conditions and drive a cyclical recovery in their earnings in the near-term. These factors have caused value stocks (after more than a decade of underperformance) to outperform growth stocks so far in 2021. This regime shift has negatively impacted the stock performances of select companies in our portfolio that carry the growth label (e.g. Apple, Microsoft, Facebook, Amazon, and Google).

Today, we continue to own both growth and value companies. We own high-quality businesses that are operating in structurally attractive and growing markets. These are competitively advantaged businesses that will come out stronger from the pandemic because of the quality of their balance sheets, business models, market positioning, and growth drivers. The businesses we own have the potential to compound in value over a full economic cycle as they execute their long-term business plans and grow their cash flows.

We believe the large-cap growth businesses we own are trading at reasonable valuations when we consider their growth potential. But when we look out five years from now, and if we account for the earnings and cash flows they are expected to generate at that time, we have the view that they are currently trading at discounts. We see value in what we own. The rotation into value stocks does not weaken our conviction in our high quality businesses that we believe can compound in value over the long run.

At the same time, we are holding on to our dividend and values stocks, many of which we have owned for a long time. These names continue to exhibit solid financials and good business outlooks. We believe in owning both value and growth stocks for diversification, lower portfolio volatility, and to have exposure to great businesses in attractive sectors.

We take a long-term approach to investing. We are looking beyond the near-term and focusing on identifying opportunities where there is a mispricing and misunderstanding of the durability of a company's growth story. We avoid businesses with outdated business models that are being disrupted and in secular decline (e.g. cyclical sectors such as oil, gas, and mining). Asset manager T. Rowe Price put it best: "Once the cyclical forces driving the recent outperformance in value stocks begin to fade and/or their valuations become frothy, we believe that the secular forces driving innovation and disruption—trends that we weigh heavily in our search for potential long term compounders—should return to the fore."

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