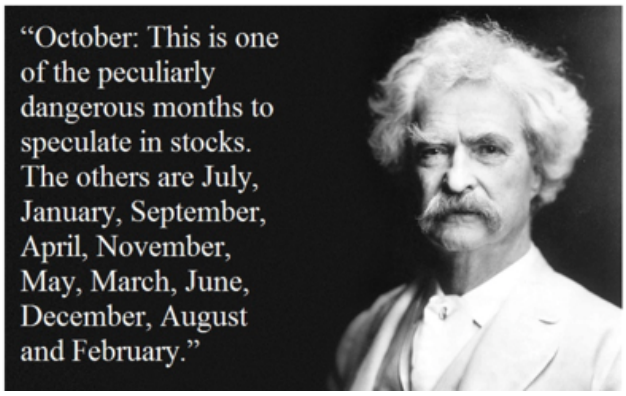
FIRST CAPITAL FINANCIAL

WORLDSOURCE FINANCIAL MANAGEMENT INC.
Sponsoring Mutual Fund Dealer

Markets were up yesterday, with the venerable Dow closing back above 30,000 and the tech-heavy NASDAQ trending ever higher. All good, though of course a single trading day is meaningless in the big picture. The same could be said for any single month or year for that matter. But investors' time horizons tend to shrink when looking at their portfolios, and the focus now is on 2021 and the outlook for equities. While we remain optimistic, there are concerns with respect to the roll out of the vaccine around the world. Set-backs in production and delays in distribution have limited the number of people who have received their vaccination shots. Statistically, when January is a down month the probabilities of it being a down year are 56%, versus an 80% chance of making money if markets gain for the month. This holds true going back to 1929, leaving investors unsure as to where markets are going, given that the S&P 500 (the broadest measure of all US stocks) was flat in January.

"I want to invest in something that respects the environment, that's morally responsible, socially active, aids the poor and the homeless and makes me a bundle."



Many justify the markets valuation on low interest rates and no alternatives, yet investors' equity allocation is already at 50 year highs. More, volatility risks exist driven by individual investor speculative activity, an intransigent Covid-19 backdrop, political divides, government debt levels and possibly some inflation. But short term risk is part of the equity experience, and reminds investors of the importance of having professional wealth management to help navigate these risks.

Once investors decided that the 2nd half of 2021 was going to see life after Covid-19, markets became a one-way bet. But our bet, is that this year will a stock picker's year, where holding the right combination of securities will make the difference between finishing the year higher or lower. On this front, we are confident in our equity allocations, particularly with **Edgepoint**, where it holds overlooked and undervalued securities (by their metrics), which offer upside potential, even if broader Markets don't participate to the same extent. Again, I am calling for a bumpy ride for the balance of Q1, but am looking beyond the near term to a better second half of the year. We're watching your hard-earned dollars closely, and our financial well-being is tied to yours.

Be safe, be well!

Martin
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