



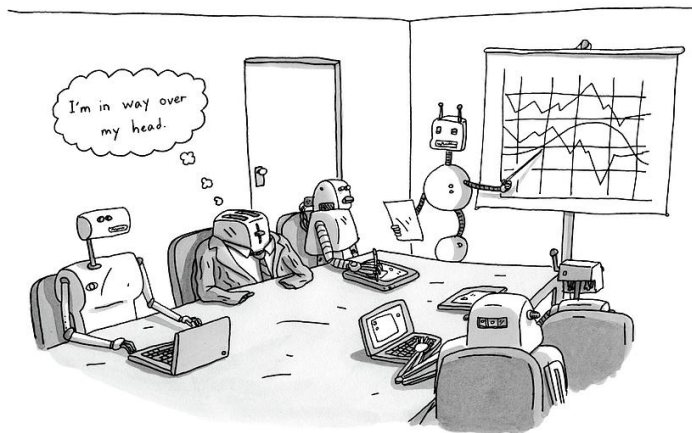
**FIRST CAPITAL  
FINANCIAL**



**WORLDSOURCE**  
FINANCIAL MANAGEMENT INC.  
*Sponsoring Mutual Fund Dealer*

We see opportunities for value-seekers as world economies emerge from Covid restraints. Value -an investment paradigm that involves buying securities that are determined to be underpriced by fundamental securities analysis- typically outperforms growth coming out of a recession. This time around, value stocks are entering the strengthening market at their cheapest valuations in a long time -trading at a discount twice as big as they have been historically. What's more, is that the

combination of increased savings, pent-up consumer demand, store shelves that need replenishment and pressure for businesses to resume capital expenditures, have paved the way for value. This would suggest a value rally is sustainable.



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Banks are one area where value managers are finding opportunities. Financials are trading at a discount, despite beating earnings expectations by a wide margin. Share buybacks (which drive up stock prices) should also help, and are expected when restrictions on capital returns are lifted, and credit growth expands in the second half of the year. Energy and Materials are two other sectors that offer value investors opportunities, where the supply-and-demand dynamics for copper (for example) look good. Copper is one of the most important commodities in the financial markets, because it is used directly and indirectly by billions of people every day. Because of its high rate of conductivity, it is widely used in electrical grids, and increasingly in electric cars as well. It is therefore a barometer of the the health of the world economy, and in 2020 the price of copper rose 36%, suggesting that further economic growth will continue in this year and into 2022. Click [here](#) for more.

Exhaustive research and analysis is required for value investing, which is why we partner with wealth management companies like **EdgePoint** and **Mackenzie Investments**. Beyond buying companies trading on the cheap, both firms seek to provide long-term capital appreciation by investing on companies with solid earnings outlooks, but where the shares are priced below market. They bring diverse investment experience, perspectives and skills to bear in their mandates and have delivered favourable investment outcomes for investors over the long term.

We like value as an investment approach for many reasons, including lower downside risk when markets sell off, and most importantly that over long periods of time, value has outperformed growth. Our thesis is that this will continue going forward, as as such include both the **EdgePoint Global Growth & Income** <[here](#)> and **Mackenzie Investments Ivy Foreign Equity** <[here](#)> in our portfolios. Paired together, these core holdings position client capital for solid, risk-adjusted returns. As always, I look forward to speaking with you on this topic or any other. Please reach out anytime!



Be safe, be well!

Martin  
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