Investments Unplugged Episode 75

Speaker 1 (00:00):

Commentary is for general information purposes only. Clients should seek professional advice for their particular situation.

Macan Nia (00:07):

Can you just hold on one second. I'm going to yell at my daughter.

Kevin Headland (00:19):

After two-year plus hiatus, Macan and I have been getting back on the road. Whether it be for bigger conferences or smaller advisor meetings, regardless of the city we are in or who we're talking to you, it seems that the same general themes come up, market performance and recession risk. The United States recently announced that their economy declined 0.9% in the second quarter of 2022, which is the second consecutive quarter of negative GDP growth after the first quarter declined 1.6%.

(00:49):

Now, while two consecutive negative quarters of GDP are the base definition of a technical recession, we actually hesitate to describe this environment as recessionary and doubt that the National Bureau of Economic Research, the NBER would disagree. Their definition emphasizes that the recession involves significant declines in economic activity that is spread across economy and lasts more than a few months.

(01:14):

From an investment perspective, remember that much of the downside equities as a result of expected economic slowdown has likely already been priced in. Bank of America's June survey of portfolio managers revealed extreme bear sentiment illustrated by the lowest allocation equities since the depth of the financial crisis in October of 2008.

(01:34):

The survey also illustrated that cash holdings are near multi-decade high at 6.1%. Now, while there could be further downside of five, ten, or even more from these levels in the equity markets, a momentum is a powerful force in investments, both the upside and downside. However, extreme levels of bearishness may signal the majority of that weakness has already been priced in, even if it's not.

(02:00):

The opportunity costs for investors in reaching their financial goals is not protecting against the potential of another five or 10 plus percent drawdown from these levels, but rather missing out on the next bull market that happens after each bear market. We don't want to be trying time in the next leg down in these equity markets. In this episode of Investments Unplugged, we cover the top-of-mind topics that we've come across in our discussions with advisors and discuss some of the potential opportunities that may exist going forward. Listen on, this is Investments Unplugged.

(02:39):

Welcome back to Investments Unplugged. As always, I'm your co-host, Kevin Headland, and with me is my other cohost, Macan Nia. Welcome back, Macan.

Macan Nia (02:46):

Thanks, Kev.

Kevin Headland (02:47):

Well, it's been quite a busy summer. Summer's usually a quieter time for us, but given the way the markets are reacting, we're getting a lot of demand for presentations, both with advisors and with their end clients. Also getting back on the road, which is kind of a pleasant change. I think we're both happy to be on the road and getting face-to-face with advisors.

Macan Nia (03:07):

It's been nice to head back out on the road and very quickly have I realized that everything with COVID is basically in the rear view mirror. Airports are busy, airplanes are busy. Fortunately for me, Kev, and I think for you too, for all these disasters that are happening at airports across the world, really. And I think Toronto was ranked as, specifically Air Canada in terms of delays or cancellations, I think something close to 40% of Air Canadas coming out of Toronto have been delayed or canceled. We haven't been so far, knock on wood. I think I just jinxed ourselves going forward, but it's been nice seeing everyone in person. There is something to be said about face-to-face versus virtual.

Kevin Headland (03:47):

I think you did jinx us. Thanks very much. Appreciate that. So our second half of the year travel schedule is now going to be up in the air, but I appreciate that. Thanks so much.

(03:57):

Anyway, getting back to the markets. The first half of the year, I had the returns up to June for the S&P 500, NASDAQ and the TSX from December 31st last year to June 30th, this year. The S&P 500 down almost 20% in total return perspective or just right at negative 20%. The TSX total return down just about 10% and the NASDAQ down 30%.

(04:24):

One of the things we've looked at, Macan, when we have negative returns in the first half of the year, how does the second half tend to perform? Let's not focus on the past, let's look in the future. So, maybe you can talk a bit about what your research came up with in terms of when we have a very poor starts of the year?

Macan Nia (04:42):

It's been such a tough first half of the year. You highlighted all the negativity in the first six months. Let's not forget the positive news that we've experienced in July. Let's sell some optimism. We've seen a face-ripping rally since mid-June, and we are recording this podcast on August 4th. We've seen the S&P rally 13% from the lows that we experienced in mid-June on the backs of a couple things. And we'll go into those details later. But if I think, if we can just pinpoint two of them, we've seen yields drop across the spectrum. So using the tenure as an example, today for the US is at 2.69. I think we peaked at roughly three and a half in mid-June. So yields have come down. That's helped the rally.

(05:28):

And also we've seen oil prices measured by WTI really decrease since mid-June. In mid-June, they're $122. Today, they're $90. So that has led to a really nice rally across the spectrum. For equity markets in general, some have done better than others, but has been led by example, the NASDAQ up 12% in July, S&P up 9%. Canada underperforming, but still up 4.5. Obviously the energy scene.

(05:57):

We look back at the S&P 500. It was a really tough first half of the year. When you look back since the 1960s, there was only two other years where we had a worse first half of the year than what we experienced in 2022. That being 1962 and 1970, and both saw a decline greater than 20%. The returns in the second half for those periods were 15% and 27% respectively, either 62 years, obviously, since 1960. Of those 62, 21 of them, so a third of them saw negative returns. And the average return for the second half of those years was 2%.

(06:39):

Now, you're going to hear this theme a lot from us, and because we're going to talk about these big bears, baby bears, but when we take out... And there's some very big bears, so the big bears... So before I go into it, a big bear is a bear market that happens in a recession from our definition of it. The biggest of the big bears, and Kevin, and I like to call them, whatever, the grizzlies or the Zodiac bears or not Zodiac, Kodiak. I'm watching a Kodiak Killer thing on Netflix, so that's why it's in my mind. The Zodiac Killer. Now I'm really all over the place... But the biggest bear markets, so the biggest grizzlies are the Great Financial Crisis, markets were down 56%. Dot-com, close to 50, and the '73, '74 recession, which was a severe one.

(07:25):

If you take out those three negative returns, that second half of the return profile being 2%, goes up to 8.5%. [inaudible 00:07:34] they believe if there is going to be a recession, it's going to be mild, that we're unlikely to get those severe bear markets. So it's very much in our point of view is, we think the second half of this year is positioned nicely to get a rally given what we've been through in the first half of the year.

(07:51):

The study suggests is when the first half of the year has been as bad as we've experienced, that the returns are much more in the investor's benefit. And again, there's only two data points that have been worse than this year. But I think that points too, that in the past 62 years, basically, we've only had two other periods with a worse first half of the year. It just shows you how tough things have been. But if history's a guide, the future is likely going to be better for us investors.

Kevin Headland (08:21):

Yeah. Obviously, when we're looking at first half of the year, I want to say, we're cherry picking dates, but that's what our industry does. We look at December and June, [inaudible 00:08:31] statements. And that statement is coming out and people see this terrible numbers. You said only two periods in history, go back in 1960, where we've seen worse returns the first half. So that statement is very stark for a lot of investors, but I think rebounds tend to happen when we've seen big drawdowns in this period. If they're not long drawn out, drawdowns, shall I say, right? Where we've seen like the tech wreck, where it took almost two years before we hit the bottom.

(08:57):

But when you have these big swings in the market, they typically end earlier. And as you said, that perhaps we're in the midst of a rally. Perhaps the worst is behind us, or at least, worst priced in. But let's talk about that as we talk about the big bears, baby bears, and you talk about the Kodiak, not Zodiac, but Kodiak bear is the big bear. And it's a Zodiac Killer, not the Kodiak Killer, but anyway, I digress.

(09:19):

And when we look at bear markets and our data will include the drawdowns of '19 and change percent returns from the peak. Because I would suggest, and I think we suggest that 19% plus drawdowns are bear market, like 2018, fourth quarter was 19.8%. Just because it didn't hit that magic number of minus 20, we could argue that was definitely a bear market. And we look at those big bears bay bears. And when we see bear markets outside of recessions, they're fairly benign, they're not as bad returns. You on the average minus 23% pull back. We hit that this time around. That was the low of the S&P 500, minus 23%.

Macan Nia (10:05):

Since the fifties, when we look back at the data, there's been 15 bear markets. So, bear markets are selloffs greater than 20% from the peak.

Kevin Headland (10:13):

Think about that, 15 times. That's not a lot going back to the 1950.

Macan Nia (10:18):

Bear markets are rare and of the 15, you can classify them into two buckets. We've given them cute names, baby bears. So those are bear markets that happen outside of recession. And as you said, Kev, Q4 of '18, and the average drawdown is 23. You know what's funny to me, Kev, is '87 crash was a baby bear? If you take that number out of the returns, then the baby bear return profiles or downside is actually 20%. Of the seven baby bears, four of them just get right up to that 20%.

(10:51):

So it's like as if the technicals are there and once it hits 20, it balances back up. I just find that very interesting. So for those that are waiting for the minus 20 to hit, four of the seven, it never happened. As you said, if you don't believe we're going to be in a recession over the next year, then we've already priced in the majority of typical baby bears. Now, what are these big bears?

Kevin Headland (11:12):

The big bears is when we are in a recession. Out of the eight that are big bears, like in recessions, you look at three of them were material. When you look at '73, '74, dot-com, Great Financial Crisis. So those really skew the data quite materially. The average selloff in a big bear is 37%. But if we take out those three material selloffs, the average comes down to only 28% drawdowns. It's a bear market, but again, we got pretty close to that this time around.

Macan Nia (11:47):

I'm playing devil's advocate and say, "Well, Macan and Kev, why can't we get that this time around?" Great Financial Crisis, not that we want to relive it, but in simplistic terms, week to week, we didn't know whether the US financial system was going to be intact the following week. There were major US and international financial institutions going bankrupt. Not the case today. We had GDP contract over 5%.

(12:13):

Dot-com valuations were extremely high, higher than what they were pre-COVID. We also had a recession. We also had 9/11. We don't think that's in the cards today. And in the '73, '74 recession, pretty material recession, so GDP decline of 3.2%. To put that into context, during the Great Financial Crisis was 5.1 decline. So '73, '74 was material. We don't think that that's the environment today. If we get a recession, we think it's going to be mild. One reason is the health of the consumer and the employment market.

(12:50):

Some of the driver of the rally we've experienced this mid-June is we're into earning season and earnings have not been as poor as what the markets were expecting. They've actually been somewhat resilient. Yes, by a company by company basis, which is actually both very well for our active managers. But earnings have also been resilient, despite higher inflation, despite higher rates and despite higher energy costs and so on.

(13:18):

So, I think that's why we've got some of that rally. But again, even if we think the odds of a recession have increased and we may get one, we don't think we're going to get a severe one. And one could argue, the majority of even big bear was already priced in.

Kevin Headland (13:34):

You're starting to see more announcements of some layoffs and whatnot, but we don't expect a material increase in unemployment. And some would say, "Yes, perhaps this environment, while it's not like the dot-com crash or Great Financial Crisis, maybe if you can link parallels to a material recession, you're closer to '73, '74." But in '73, '74 recession, the US lost 2.3 million jobs and the unemployment rate peaked at 9%.

(14:06):

Even if we see some pickup from 3.6% as it is today, it's unlikely again, we're going to get to that 9% level. And I think it's important to identify that as if people have jobs, even if there is some people losing their jobs. The US consumer is still spending, despite them increasing their credit card debt, they're still spending and that helps some of the economy continue to run. And again, we could argue if we're in a recession or not, or if we're going to get into a recession at some point when the National Bureau of Economic Research announce a recession in the US.

(14:39):

Clearly the data is showing a slow down. We are in a slower economic environment. We're in that seventh or eighth inning of the baseball game where we're getting closer to the end. That can be also sometimes good. Some of that finality of that economic period or economic cycle can be positive. You get that habituation and then you get the economic growth that comes after it. Sometimes the worst is if you just get this kind of lull where it's low economic growth for a long period of time, that's often not what you want in the stock market.

Macan Nia (15:15):

We're clearly in a period where bad news is good news. And we've been saying this countless times through our investment knows, through the podcast, just being on the road is we anticipate things will slow down in the second half of this year. All our models suggest that. We've updated our chart book. That will be out hopefully within the next couple days. But when we updated the charts three, four weeks ago, it was clear, things are slowing. PMIs are slowing. Manufacturing is slowing. LEIs, leading economic indicators are slowing. All these gauges are slowing.

(15:50):

That's actually a good thing, because why? As things slow down that should decrease demand and that should help inflation at the margin start trending lower. Add to that gasoline prices. Any one of us that drive we've noticed over the past six weeks our gasoline prices were sub [inaudible 00:16:07] $2 now in Ontario, as an example. These are all going to be positive things for inflation. And as a result, the Fed and other central banks across the world are probably less likely to be as aggressive in the second half of this year as they have been in the first half. And that should be positive for equities and for bonds. And we've seen the tenure as an example, come down. That's been supportive for bonds. It's been supportive for equity.

(16:34):

So, when we look at the environment really in the second half of the year, updating the chart book, yes, things are slowing. We don't think they're severe recession. We may get a mild one. A lot of that's been priced in. And I think the market performance really since the middle of June has shown that dynamic. And I think, Kev, I look back to trying to get in, right, and dollar cost average. And another example where... And we're not saying that we've hit the bottom. We don't know. In the short term, momentum can be very powerful. But as we've said before, let's just say there's five to 10% downside from these levels.

(17:10):

Where's the opportunity cost for the end client or investors not meeting their financial goals? Is it the next five to 10 down? No, it's going to be the next bull market that happens after every single one of these 15 bear markets since the fifties. So, the dollar cost average, again, it shows that, let's say you were dollar cost averaging, you've experienced some of this upside. And if, let's say, markets keep running, you're getting in at these levels without just having to wait and try to time the market at the exact right time.

Kevin Headland (17:48):

That's such an important part point, Macan, is that idea of getting in and not waiting for that perfect opportunity because you can't call the bottom. You don't know the bottom until you're already past it. It's hindsight is 20/20. It's all these analogies and terminology that it's always in the rear view mirror. You've probably missed it, right, and then you're waiting for, "Oh, don't worry, I'll get another chance." And as you said, it almost never happens. So it's important to get in.

(18:16):

And if we are in this latter stages of the economic cycle, let's say, as things are slowing down clearly by, as I've said, almost all the economic charts we've looked at and updated and even unemployment and almost everything is past peak and slowing down and getting to the point where we are seeing signs of recessionary risks, materially increase. How do we play investments in equities? Where do we go? And one of the things we've seen in history that does well in this type of environment are good quality businesses, good quality companies.

(18:53):

And then most of those quality businesses often pay dividends and more importantly, grow their dividends. And that's an important connotation to that, it's not just enough about paying a dividend or trying to pay a yield, but actually growing their dividends. That tends to be a signal of confidence that the management has in the ability to maintain that dividend. Because last thing we want to do is see a dividend cut most likely in a company. That's often a very bad sign, especially for the stock price.

(19:23):

So when we look at these quality businesses, these boring income type dividend products, we see companies that show earnings that are more resilient through different economic cycles. It's a high percentage of that recurring revenue, kind of that predictability. They invest in the business. So they're looking at organic growth, while also expanding margins, right? Margin protection is very important, especially in this inflationary environment. You want companies that have the ability to pass through increased costs to the end consumer that helps protect the business. They have pricing power, as I said. And typically, they're the biggest players in their market. They're the dominant players. They have the market share and take advantage of these environments to increase their market share.

Macan Nia (20:09):

These are just some of the things that we think lead to a good business with higher recurring cash flow that's more likely to lead to recurring and growing dividends. And really this study came about, Kev, I remember this was months ago where we had a few advisors ask us sector performance in different environments. And we went through it and in different environments, whether it's inflationary, deflationary, recessionary or not... And there wasn't a consistent theme when we looked at the previous recession. So the Great Financial Crisis, dot-com and 1990. We didn't look at COVID because it was self-induced. It was very unique. The one thing that stuck out to us, and we used the S&P 500 Dividend Aristocrats Index, and what stood out is this index consistently one of the better performers in the 12 months before, during, in the 12 months after these three previous recessions.

(21:08):

And if you want more details in terms of this research project that Kevin and I did, I refer you to the Manulife Investment Management website. It's under viewpoints. The link is in the monthly. So everything we've talked about today, we're including it in our August monthly. If you're not on this, reach out to either Kevin and I or your Manulife sales representative, and we'll put you on it. The way I look at dividends, they're an all-weather portfolio, Kev. Kind of, I don't want to say set it and forget it, but there is a case for that. And we think the odds of a recession are increasing. We don't know. They're not materially increasing over 75%, but does that even matter, right? If I'm in a high quality dividend solution, regardless or not, they do well.

Kevin Headland (21:52):

It's a pet peeve of mine. I hate talking about sectors and it's because they're so heterogeneous, meaning companies within individual sectors can be so different that just talking about sectors is really not identifying really where the opportunity exists. So many good companies in different sectors at different times and so many not so good companies in different sectors in certain times.

(22:20):

Brings me back to one of our former colleagues used to talk about consumer discretionary sector in the US and it held Best Buy at one point, we all know Best Buy, the store buying electronic goods, and it held Hillenbrand. And Hillenbrand, for those who don't know, is a casket manufacturer. Now the joke is whether that should be in the discretionary or staples because we're likely to need a casket at some point or another, but those are two different businesses. But then if you're saying, "Oh, look at consumer discretionary," well, that's not really fair. You're painting with too broad a brush. So, looking at the Aristocrats Index was a much better way to carve out some of those good businesses that tend to do better in weaker economic times.

Macan Nia (23:11):

Just to close the loop on this topic. If I'm going to leave with one quote, because I think it's by George Soros. I think it really speaks well at the dividend story, comparing it to the meme hysteria two years ago. And George Soros says, "If investing is entertaining," which that was what was the meme stocks, "If you're having fun, you're probably not making money or you're probably not making any money. Good investing is boring."

(23:36):

And I look back at all those meme stocks, the Reddits, they're basically back down to where they were two years ago. You've made no money. And most people probably got in when the ride was going up. So they bought higher and then they rode it all the way down below their probably investment value. But it's again, those boring companies, the constant cash flow, the ability to increase their dividend over the long run, that's how you build wealth.

Kevin Headland (24:03):

If you want excitement, go to a casino, go to the theme parks, ride roller coasters. Investments should be like watching paint dry, right? That's what you should do. That's investing. Investing is boring, long-term, not typically exciting. That's not what you want for a successful long-term investment strategy.

(24:29):

Now, the other thing I think that we're getting asked, one of the main issues right now is the performance of fixed income. We talked about performance of equities, but fixed income has seen the worst start to the year in history. The year ended June 30th would've been the worst calendar year in history for almost every bond category. There's almost nowhere to hide. And again, as those statements come out, clients are shocked to see that. They're not used to bonds being negative, especially when equities are negative. Bonds are supposed to protect when equities are down. This is one of the ultra rare occurrences, I would say, when both equities and bonds are down at the same time, and bonds materially down.

(25:10):

So the question now comes up and says, "Well, rates are higher, what about GICs, guaranteed investment certificate? They seem more attractive. Maybe I should get out of bonds." And we've done some other research that showed, well, maybe it's not really fair to compare GIC yields to bond yields. One of the things you're not incorporating is that potential for bonds to generate upside return, right, the total return. You talk about yields falling, a 10-year yield falling from near 3.5% to 2.7, 2.8. That's when there's a big tailwind for bonds. You actually generate returns. This is the positive, right? And even today, yields are starting at a much higher level than they were at the end of the year. So you're getting comparable yields, GICs, and actually potential for a performance if the bond market starts pricing a recession and yields continue to fall, that we pause it for fixed income.

Macan Nia (26:13):

So we'll get questions, "What do you think over the next year markets will do? I have a client that needs the money over the next year?" And the harsh reality is, if your client needs money over the next year, they shouldn't even be in the equity markets. Any markets, right? They just need that cash wedge in there, they shouldn't be in the markets.

(26:32):

Now, if you need the money over the next year, bonds or GICs? Kev, it's hard to argue against GICs, right? Risk-free return, but bonds hold a place in our asset allocation, not from its one year perspective, really a rolling three- to five-year period at minimum. And when we look... Again, I know it's not apples to apples, but investors are looking at it from an apple to apple perspective because they're taking some of their bond allocation and putting it in GICs. And if I told your... You know the answer, so I'm not going to ask you. But if you go back to the inception of the Canadian Universe Bond Index and you compare whether that index has outperformed GICs, that index has outperformed GICs nearly 80% of the time on a rolling 12-month basis. The odds are overwhelmingly in your favor from a medium-term perspective of owning bonds versus GICs. They do better. And it's often during these short periods.

(27:31):

Now, this one's been a little bit more longer than usual that we get these questions about GICs. And again, when you look at the data and this is in the monthly again, where we show these charts, is you see, when you have this period of under performance of bonds relative to GICs, it's usually led by outperformance of bonds over the next couple of years. What really surprised me is the outperformance of bonds versus GICs. So, roughly 40% of the time, since the except of the Canadian Universe Bond Index, the outperformance versus GICs has been greater than 5%.

(28:11):

It's not one or 2%, because that's what some clients are thinking and saying, "Well, if bonds outperformed by 1%, and a 1.5%, I'd rather take the risk-free return of the GICs." And that's fair, but the outperformance isn't one to one and half. When I say 40% of time, it's 5%, that's material outperformance. And for an area in terms... Again, going back to those financial goals, what do you need from your fixed income bucket? And we need these type of return profiles for our clients who have a balanced asset allocation to be able to meet their financial goals.

Kevin Headland (28:47):

Much of that one year under performance, 20% of time, the GIC outperform, that's the recent periods. That's that rare occurrence and going back early this year, there was a lot of talk, "Oh, the 60/40 portfolio is gone. Bonds are dead." And low and behold, again since the change in the quarter, the peak of the bond market in mid-June, you're now seeing, "Oh, wait a second, maybe bonds aren't dead." And as you said, it's important to look at what bond's due to portfolio, especially over the longer period of time.

(29:26):

And that's a positive in terms of reminding people, why you hold bonds in a portfolio in the first place. There are those periods where things don't work out the way they should. And typically, those are short periods and they're rare periods, right? Rare periods of bear markets, rare periods of negative bond returns. As you said, this has been a very difficult time in the markets, especially the first half of this year, but that's typically rare. And we got to live through these rare periods in order to make sure that we keep our eye on the destination, on the goal, which tends to be the longer term.

Macan Nia (30:05):

And now I'm getting angry thinking about this, but you said something that it reminded me of it. And I'm not going to say which one of these financial news websites it was, but it was one of the prominent ones. And three months ago, the top story on the website was, "Are bonds dead?" With the connotation, with the flavor that the purpose of bonds have been lost, or it's not exhibiting those characteristics that we're used to.

(30:36):

And then, Kev, I was looking at this same website, I think it was two weeks ago, and it says, "The value of a 60/40 portfolio." And I just thought that it just makes me angry is because end clients see these headlines and some may be short or very quick to react to them. And more often than not, reacting to the headline news often comes at the detriment of your long-term, really financial success, or being able to meet your financial goals. And these websites very quickly, they change the narrative.

(31:11):

And I look at inflation. Kev, remember two years ago was whether inflation was going to be enduring or was it going to be transitory? And then it's changed to obviously, it's enduring, but again, looking forward. We can't be looking at the rear view mirror. And I would be very surprised if we're talking about inflation in the context that we're talking about it today in a year time. Yes, inflation will be above the 2% range in a year time, but it won't be as much of an issue for investment returns or really for really, stocks and bonds as it has been for the first half of the year, over the next year.

Kevin Headland (31:49):

And that's a great point. I think it's a great way to end it off. And making sure we look ahead, Wayne Gretzky had the great quote, "Go where the puck is going and not where it's been." It's important to look ahead. You have to have an idea or a viewpoint on what's happened and transpired, but definitely don't make knee-jerk reactions, especially on headline news, you said. Those headlines are made to sell subscriptions. They're not necessarily made to provide investment advice.

Macan Nia (32:17):

So, we're going to the dog days of summer, any plans, Kev, for the rest of the... Well, it's August already. Wow. Any plans for August or no?

Kevin Headland (32:25):

Yeah. I believe it's August already. We've rented a cottage for week. So we're going to take a week off for that. And then it's planning to get back to school. It's less than a month, pretty much, and the kids are back to school. So, it's amazing how quick that flies by. How about yourself?

Macan Nia (32:41):

Yeah, nothing much. I feel like you said, I don't feel like we've been able to relax this summer, given the markets. But that's okay. That's our role, the advisor role, right? When markets are down, that's our true value. So that's fine, but I'm going on vacation for two weeks in California next week. So I'm very much looking forward to that, which also scares me, Kev. You know what happens when I go on vacations typically? We get a selloff. Yeah. It's like the past five years. It's like every time I go on vacation, the markets sell off. Hopefully this one, fingers crossed, will be the exception to the rule. But again, looking at it from a long-term perspective, we're in a interesting spot.

(33:23):

The global economy's slowing, not severely recession yet. That's going to give central banks the opportunity to not be as aggressive. And we've seen that with interest rate expectations. As you've said, Kev, the markets are pricing in cuts for next year. So, I think this backdrop provides potentially a better half being the second half of this year, versus the first. The key is how do we pick advantage of it? And hopefully, we've outlined some strategies we believe are a good way of taking advantage the second half of this year.

Kevin Headland (33:54):

Oh, once again, thanks, Macan for joining the podcast and we look forward to the next one.

Macan Nia (33:59):

Yeah. Actually before, I want to do a shameless plug, Kev. So we get a lot of great reviews. On the road, I've realized how many people actually listen to this podcast, which is really nice. And if you are one of those listeners tuning again, if you could please do us a favor and if you think highly of the podcast, give us a rating. If you don't think highly of it, then please don't give us a rating. But yeah, we really appreciate everyone tuning in. It's very nice to hear the stories when we're on the road, but please give us a review. It helps us with determining what type of content to put out and the frequency and so on. So, thank you everyone for listening in.

Kevin Headland (34:34):

Yeah, it helps like-minded individuals find the podcast as well as it gets higher ranked.

Macan Nia (34:39):

Yeah.

Kevin Headland (34:40):

And leave a comment. If you have insight or you have ideas, by all means, leave us a comment. We're always looking for ideas and feedback. So, we appreciate the listeners and appreciate all the feedback. So again, it's Kevin Headland for Investments Unplugged with...

Macan Nia (34:56):

Macan Nia. Have a good August, everyone.

Kevin Headland (34:59):

Thanks for listening.

Macan Nia (35:00):

Take care.

Kevin Headland (35:10):

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(35:35):

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