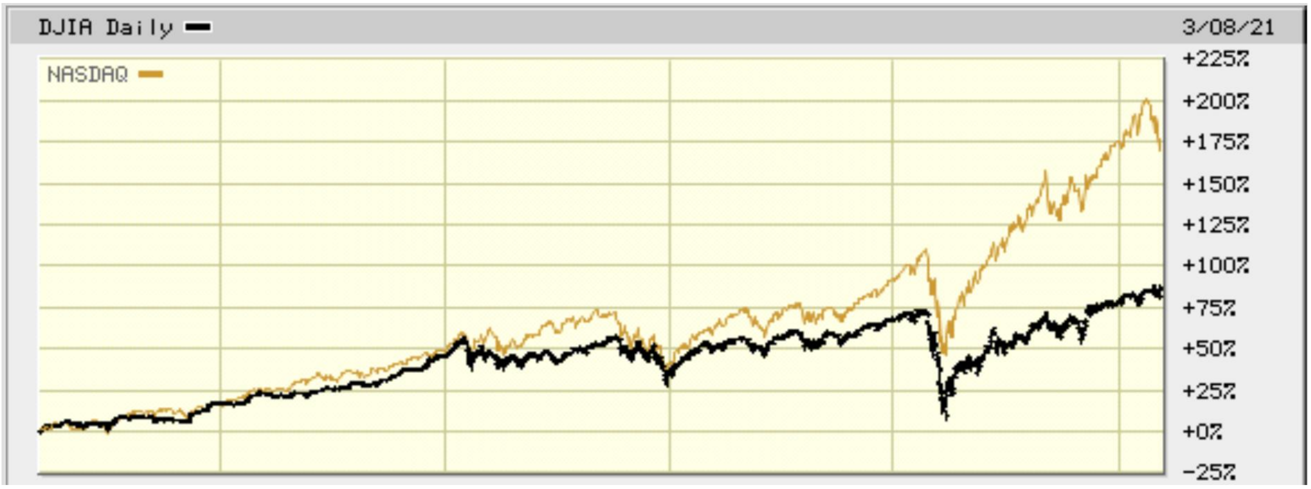
# Marketline February 2021

### *Stocks:*

February brought a return to positive numbers for stocks both here and overseas, but as March proceeds, the market has separated. Tech stocks have entered a bona fide correction – i.e., prices have fallen more than 10% from the top reached last month. Some stocks, like Tesla, are off more than 20%. However, more ordinary fare – travel companies, manufacturers, retailers, banks – have made steady progress, as value investing makes at least a partial come-back. The five year chart below puts some perspective on how well tech has performed (represented by the NASDAQ) versus the more staid segments of the economy (the Dow Jones Industrial Average):




Generally, when relationships deviate as much as the Nasdaq:Dow has, one of three things happens: either the lagging asset catches up, the outperforming asset falls, or a little of both. It is easy to see that the two indices tracked closely as little as four years ago. If the big disparity in performance between technology and "all other" has to close, that's going to be a painful experience for tech investors.

On the value front, we've exercised our contrarian instincts by asking, "what has really performed terribly in the last year?" One answer that come to mind was retail real estate – shopping malls and such. Investigating these stocks, we found Simon Property Group and Realty Income to be of interest. Both carry high dividend yields that appear to be well secured by strong occupancy. In the case of Simon, rents are actually increasing. Another addition was Miller Industrial, which makes wreckers and tow trucks. We admit to a fondness for all things mobile – and heavy equipment in particular. We couldn't let Miller make it onto our buy list just for its product line alone, but it happens to be a decent value and a very well run company to boot.

### *Bonds:*

Rates rose yet again last month from five years on out to thirty. The five year note yield increased thirty basis points to 0.72%, while the ten year rose to 1.7% and the thirty year made it to 2.11%. As we write this, the thirty year is up to 2.29%. Already, mortgage activity is slowing. If you wanted to sell your house and just signed the contract, be glad. Buyers are soon going to have a tougher time affording today's prices if borrowing costs keep rising. Meanwhile, there are some signs of stress in the short term markets. These are all signs that the Fed has its work cut out for it as our government borrows ever larger amounts to fund economic activity. Fortunately, the rising rate trend has breathed new life into the bond opportunity set, allowing us to find a few worthwhile names after a long dry spell.

We are very pleased to announce that Melissa Burton will be joining us on March 15th, as our office administrator. Melissa comes from a strong background in operations, technical service, and compliance. Her biography will be posted on our website in about a week, so check in to get to know her "on paper" until we are all finally able to see each other in person. We are as eager to have her aboard as she is to start!

*Marketline Monthly is produced by **Cascade Investment Advisors, Inc**. We specialize in value investing for individuals. We apply our approach across markets, looking for low-priced securities that offer above-average potential. We use imagination and hard work to bring performance and personal service to our clients. To learn more, contact Michelle Rand at 1.503.417.1950 or 1.888.443.9015; email to Michelle.Rand@cascadeinvestors.com. Our website is www.cascadeinvestors.com. A full list of stocks we invest in is available on request; mention of specific securities is not investment advice; such investments may or may not be profitable. Index returns quoted are price only.*