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RATE HIKES HIT BANKS

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By Gavin Graham, Contributing Editor

The seemingly inexorable rise in interest rates in North America, Europe, and even recently in Japan, has resulted in yields hitting levels not seen for over fifteen years. That's bad news for banks, which are in the midst of reporting quarterly earnings.

At the time of writing, the benchmark 10-year government bond yields in the US and Canada were 4.3% and 3.7% respectively. That's up 1.3% and 0.8% over the last twelve months and 0.45% and 0.3% in the last month alone.

In Europe, German and French 10-year yields are up 1.4% to 2.65% and 3.2% respectively over the last year. The 10-year gilt yield in the UK is up 2.25 points to 4.65%.

In Asia, Japan's central bank has finally relaxed its cap on the 10-year yield on the Japan Government Bond (JGB), with its new governor doubling the cap to 1% from 0.5%. The yield is up 0.45 points to 0.64%, effectively a tripling of the interest rate. Meanwhile yields on Australia's and

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South Korea's 10-year bonds are up 0.85% and 0.7% over the last twelve months to 4.25% and 4% respectively.

In short, it's the same story everywhere you look. Rates continue to rise as central banks struggle to get a grip on inflation.

The recent surge in bond yields and the attendant fall in equity markets as the risk-free return on government debt becomes more attractive has several drivers. One of the least important on a fundamental basis is that the sharp moves in stock prices are due to low trading volumes during August, when many professionals take their vacations. This means any moves are exaggerated.

More important from an underlying perspective is that investors have finally given up hoping that central banks will start cutting interest rates by the end of this year. They now realize there may be more increases before the banks finally decide inflation is under control.

The US Federal Reserve, Bank of Canada, European Central Bank (ECB), and Bank of England have all made it clear that they remain "data dependent". That means they are waiting to see what monthly inflation, employment, and business confidence measures look like before making their decisions. Investors have to decide whether lagging indicators such as unemployment and rental increases, which are still showing strength, are more important to Fed Chair Jerome Powell and BoC Governor Tiff Macklem than weaker coincident indices such as business sentiment, housing starts, and commodity prices.

The central bankers' summer camp, as some irreverent commentators have described the Fed's summer get together at Jackson Hole, gave some clues, as Mr. Powell adopted a hawkish tone and stressed that the Fed is not happy with the current inflation rate, although it is well down from last year.

In fact, CPI inflation has fallen sharply from over 9% at this time in 2022 to under 4% in the US and Canada. It's even down in such lagging economies as the UK. But this has not been enough to convince policymakers to stop raising short term interest rates.

While it's true that core CPI (excluding volatile food and energy prices) has remained stronger than policymakers would like, it seems that the Fed is haunted by the fear of repeating the mistakes of the 1970s.

At that time, Fed chairmen such as Arthur Burns and G. William Miller relaxed policy too soon, reducing interest rates before inflation was thoroughly under control. The result was that inflation returned at a higher level than previously as inflationary expectations became embedded in popular psychology.

Higher for longer

The likely result this year seems to be that interest rates may be higher for longer than investors had anticipated.

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Rate hike—continued from page 2...

Until the signal given by the inverted yield curve (short term rates higher than long term ones) results in an economic slowdown, as has always been the case since World War II, then interest rate cuts are not on the agenda. At present, short term interest rates such as the Fed funds rate or the BoC rate are over 5% while 10-year yields are only 4.3%, even after their rapid rise in the last month.

This presents problems for the banks. Rising interest rates widen their net interest margin (NIM), the difference between deposit and lending rates, thus helping their profits. But higher rates also lead to more bankruptcies and loan losses. Usually, the wider NIM more than offsets higher provisions for credit losses (PCLs), but the markets have been reluctant to accept this. As a result, bank share prices are all down over the last year.

The problems of regional US banks like Silicon Valley Bank, Signature Bank, and First Republic were with mismatched loan books. These banks suffered losses on their holdings of long dated government bonds as rates rose. The bankruptcies that resulted in the first quarter further dampened sentiment towards banks in general, even though the enormously profitable and conservatively managed Canadian banks have not had any such issues.

It's remarkable to see how lacklustre the banks' performance has been over the last five years. This period includes two episodes of rising interest rates (2018-19 and the last 18 months) and a period of effectively zero interest rates and massive monetary expansion during the covid pandemic from 2020-2021. A few banks which are well regarded by the market have posted gains, such as a remarkable 52% for National Bank. But most banks have been treading water. RBC is up 16%, TD has gained 7%, and BMO has added 5%. The others have seen share prices drop. CIBC is off 12%, Scotiabank 17%, and Canadian Western Bank is down 30%.

All these returns are before taking dividends into account.

It's not just Canadian banks. There are some positive stories among major US and European players, but not many. Investment banks like Morgan Stanley, Jefferies, and JPMorgan Chase are up 73%, 48%, and 30% before dividends. But Bank of America, Fifth Third, PNC, US Bancorp, and Wells Fargo are down between 5% and 35%. In Europe, Deutsche Bank and HSBC are off 5% and 15% respectively over the last five years.

While price/earnings ratios are not regarded as the best way of valuing financial stocks, all the Canadian banks and most of the US majors are selling for less than twelve times last year's earnings.

You can buy the two biggest and most successful banks in Canada (RBC and TD) with dividend yields of 4.5%. This situation has only occurred once before in

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GAVIN GRAHAM'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Manulife Financial TSX, NYSE: MFC

BUY

Originally recommended by Tom Slee on Feb. 6/12 (#21205) at C$12.34, US$12.42. Closed Friday at C$24.33, US$17.88.

Background: Manulife is the largest Canadian life insurance company by market capitalization. It has extensive operations in Asia, where it has offices in 13 countries.

Performance: The stock has been trading in a narrow range of $23-$28 a share for most of the past year,

Recent developments: Manulife reported a 4% increase in core earnings to $1.6 billion ($0.83 pr share) in the second quarter (to June 30). That was up 9.2% from $1.5 billion ($0.76 a share) in the same quarter of the previous year. Growth was driven by a double digit increase in sales in several areas, especially in Asia following the reopening of the border between Hong Kong and mainland China at the beginning of the year.

Manulife Asia reported second quarter annual premium equivalent (APE) sales of $1.18 billion, a 26% increase from the first quarter and CEO Roy Gori noted some regions in Asia exceeded their pre pandemic sales.

"In Hong Kong our sales were double what they were the year prior," said Mr. Gori. "Even if you take out the cross-border sales, Hong Kong sales were up quite considerably and that is very encouraging."

Similar growth occurred in Singapore, while sales in China and Indonesia saw higher double-digit growth. Former CFO Phil Witherington, now CEO of Asia, noted: "Our second quarter was the strongest quarter on record in China… which I think does demonstrate the robust emergence from the pandemic."

Manulife's global wealth and asset management unit recorded sales of $2.2 billion in the second quarter compared with $0.7 billion in the previous year. Assets under management grew 1% to $819 billion

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Manulife—continued from page 4...

despite the bear market in bonds and equities, helped by the acquisition of full ownership of Manulife Fund Management in China.

The release of $5 billion in capital three years ahead of schedule in 2020 was a key contributor to Manulife's ability to withstand prolonged lockdowns in Asia.

Dividend: The shares pay a quarterly dividend of $0.365 ($1.46 a year) to yield 6% at the current price.

Action now: The stock sells at less than 10 times earnings and offers a 6% dividend yield. Manulife remains a Buy for its strong capital position, growing earnings, and the benefits of the reopening of the Asia economies.

Rate hike—continued from page 3...

this century, during the Great Financial Crisis in 2008-09. BMO offers a yield of 5.2%, while CIBC and Scotiabank are offering remarkable yields of 6.5% and 6.8%. It's a case of "don't put your money in the bank, put your money in bank stocks". The dividend yield on the banks is equal to or better than you will receive on deposits. You also receive the dividend tax credit, which means the after-tax yield is substantially higher.

All the banks except National are down over the last year. While concerns over rising loan losses are understandable, they seem already reflected in share performance. Once the banks complete their earnings reports, we'll take a close look at the results. In the meantime, having updated most of the recommended insurance companies last month, all of which are beneficiaries of higher interest rates, let's finish up with Canada's largest life insurer, Manulife.

Gavin Graham has had a long and successful career in money management and is a specialist in international securities. He held senior positions in financial organizations in London, Hong Kong, and Toronto. He is a Trustee of the Royal Medical Foundation Investment Committee and Chief Strategy Officer SmartBe Investments (www.smartbeinvestments.com).

TOUGH TIMES FOR CONSERVATIVE PORTFOLIOS

By Gordon Pape, Editor and Publisher

RRSP portfolios should err on the side of caution. Ideally, your strategy should be never to lose money in a retirement plan.

But sometimes being too conservative can backfire. Like, right now. All interest-sensitive securities are taking a beating and that will likely continue until we finally hear our central bankers proclaim victory over inflation and an end to rate hikes.

That may take a while. Last spring, it looked as though the fight was almost over. It turns out, it wasn't – the latest CPI numbers show inflation is creeping higher again. That has produced a range of undesirable effects, from growing labour unrest over wages to skyrocketing rents and unaffordable house prices.

Not to mention the erosion of RRSP values.

Our RRSP Portfolio was launched in February 2012. It has two main objectives: to preserve capital and to earn a higher rate of return than you could get from a GIC. The original value was $25,031.92.

As of the last review, about 30% of the portfolio was in bonds, preferred shares, and cash. The balance was in growth-oriented assets that offer exposure to the Canadian, US, and international equity markets. Most of the equity exposure was to interest sensitive stocks like pipelines, utilities, and telecoms. The combination isn't working well in the current environment.

The portfolio contains a mix of ETFs, stocks, and limited partnerships so readers who wish to replicate it must have a self-directed RRSP with a brokerage firm.

These are the securities currently in the portfolio with comments on how they have performed since the last review in February. Results are as of the afternoon of Aug. 24.

iShares 0-5 Years TIPS Bond Index ETF (TSX: XSTP). This ETF invests in short-term US Government inflation protected notes. They pay a low rate of return, but both the face value and the interest increase as inflation rises. This provides downside portfolio protection. The units are up $0.22 since the last review in February. We received distributions that totaled $0.665 per unit, including the Aug. 25 payout. Note that while distributions are monthly, they vary considerably and some months the payout is zero.

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RRSP PORTFOLIO

IWB RRSP PORTFOLIO HOLDINGS

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iShares Canadian Universe Bond Index ETF (TSX: XBB). This ETF tracks the performance of the total Canadian bond universe including government and corporate issues. Bonds staged a modest rally early in the year but have fallen back recently as stubbornly high inflation has sparked concerns of more interest rate hikes to come. The units are down $0.99 since the last review. We received distributions of $0.491 per unit, including the Aug. 25 payment.

iShares Convertible Bond Index ETF (TSX: CVD). This fund invests in bonds that can be converted into common stocks under certain conditions. It offers a play on the stock market while providing cash flow. The units lost $0.86 in the latest period. That was partially offset by distributions of $0.507 per unit, including Aug. 25.

iShares S&P/TSX Canadian Preferred Share Index ETF (TSX: CPD). This ETF invests in a portfolio of preferred shares, mostly rate reset issues. These should tend to rise as interest rates move higher, but we didn't see that in 2022 as the units dropped 18.4%. It's been a similar story this year, with the fund down 2.3% as of Aug. 23. This has become a minefield for investors. Distributions totaled $0.314 per unit.

BMO S&P/TSX Banks Equal Weight Index ETF (TSX: ZEB). This ETF invests in shares of the Big Six Canadian banks. Banking stocks normally fare well in a rising interest rate environment, but recession fears are outweighing the improvement in loan margins in investors' minds. The units lost $4.40 since the last review. Monthly distributions totaled $0.84.

iShares Edge MSCI Minimum Volatility USA Index ETF (CAD-Hedged) (TSX: XMS). XMS invests in low-beta US stocks such as Eli Lilly, Oracle, Cisco Systems, and IBM. Low beta means they are less sensitive to broad market movements and, in theory, less risky. The fund posted a gain of $0.72 in the latest six months. Quarterly distributions totaled $0.199 per unit.

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RRSP—continued from page 7...

BMO Low Volatility Canadian Equity ETF (TSX: ZLB). This ETF invests in a portfolio of large-cap Canadian stocks that have a low beta history. It's down $0.85 since the last review, but well ahead since it was added to the portfolio. We received two quarterly distributions for a total of $0.56.

BMO Low Volatility International Equity Hedged to Canadian Dollar ETF (TSX: ZLD). This ETF focuses on international stocks and is hedged to Canadian dollars, so the currency risk is removed. It gained a modest $0.05 in the latest period. Distributions totaled $0.34 per unit.

Brookfield Corporation (TSX, NYSE: BN). At the time of our last review, we sold our positions in the two Brookfield limited partnerships (energy and infrastructure) and bought shares in the parent corporation. The idea was to gain more diversity by adding exposure to other aspects of the business such as real estate, asset management, and insurance. So far, it hasn't worked well but I believe that this will be a money-making addition to the portfolio over the long term.

Enbridge (TSX, NYSE: ENB). We added 100 shares of Enbridge to the portfolio at the time of our last review. The stock offers an attractive yield (currently 7.6%) and modest capital gains potential. However, interest sensitive stocks are currently out of favour so we're in negative territory thus far. I expect that to change over the next 12-18 months.

Fortis Inc. (TSX, NYSE: FTS). Here's another interest sensitive stock that is under pressure, although this one pretty much held its ground in the latest period, losing just $0.10 a share. Dividends more than made up for that. Due to timing, we received three payments for a total of $1.695 per share.

BCE Inc. (TSX, NYSE: BCE). BCE was also driven lower by the rapid interest rate hikes. The stock is down $4.46 since the last review. We received two quarterly dividends for a total of $1.935 per share.

Interest. We invested $2,473.03 in Duca Credit Union, which was offering a special promotion rate of 4.25%, increasing to 4.75%. We received $55.64 in interest.

Here is how the RRSP Portfolio stood as of Aug. 24. Commissions have not been factored in. All amounts are in Canadian dollars.

IWB RRSP Portfolio (a/o Aug. 24/23)

Security	Weight %	Shares	Average Price	Book Value	Current Price	Market Value	Retained Income	Gain/ Loss %
XSTP	9.2	130	$40.00	$5,200.00	$39.95	$5,193.50	$368.03	+7.0
XBB	10.5	220	$32.82	$7,170.21	$26.81	$5,898.20	$108.02	-16.2
CVD	3.2	110	$18.20	$2,002.50	$16.39	$1,802.90	$215.30	+0.8
CPD	5.1	280	$13.86	$3,880.80	$10.22	$2,861.60	$255.36	-19.7
ZEB	9.9	170	$42.46	$7,218.20	$32.58	$5,538.60	$391.00	-17.9
XMS	8.3	150	$28.19	$4,228.50	$31.16	$4,674.00	$237.75	+16.2
ZLB	11.4	160	$31.97	$5,114.80	$40.06	$6,409.60	$191.28	+29.1
ZLD	4.8	110	$24.08	$2,649.30	$24.58	$2,703.80	$37.40	+3.5
BN	15.7	200	$49.53	$9,886.00	$43.99	$8,798.00	$28.00	-10.7
ENB	8.3	100	$52.90	$5,290.00	$46.42	$4,642.00	$177.50	-8.9
FTS	6.7	70	$57.67	$4,050.90	$53.52	$3,746.40	$343.35	+1.0
BCE	6.0	60	$65.07	$3,904.20	$56.19	$3,371.40	$641.82	+2.8
Cash	0.9			$466.28		$521.92		
Totals	100.0			$61,061.59		$56,161.92	$2,994.81	-3.1
Inception				$25,031.92				+136.3

Comments: At the start of the year it looked as though we might be approaching the end of the current round of rate hikes. The Bank of Canada even paused at one point, raising expectations that the cycle was over. Then inflation started to rise again, and central bankers were quick to signal they weren't done tightening yet.

The impact on conservative portfolios, which tend to have large commitments to bond and interest-sensitive stocks, has been to pull down valuations. Our RRSP portfolio is down about 4% from our last review in February. It could have been worse, but I never like to lose money in an RRSP.

Over the 11.5 years since the portfolio was launched, we have a total return of 136.3%. That's an average annual growth rate of 7.77%. That's down over the past year but still well above target.

Changes: After a strong start to the year, bonds have been losing ground as uncertainty builds over the near-term course of interest rates. I don't see that changing for the rest of the year, so I suggest moving most of our bond and preferred share positions to a high-interest savings ETF.

Accordingly, we will sell our holdings in XBB, CUD, and CPB for a total of $11,141.38, including retained earnings. We will invest that money in the CI High Interest Savings ETF (TSX: CSAV) which was trading at $50 at the time of writing.

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This fund invests in high-interest deposit accounts at Canada's major banks. It earns a better rate of return than a retail customer because of its hefty purchasing power – the fund has $8.1 billion in net assets.

The MER is 0.16%. That is on the high side for what is nothing more than a glorified savings account, but that hasn't bothered investors.

Monthly distributions vary but have been increasing as interest rates rise. The July payment was $0.203. At that rate, the current yield is 4.9% but future distributions depend on interest rate movements.

CSAV is not your only option. Other companies that offer similar products are Horizons (which has three funds, one in US dollars), Purpose, Ninepoint, and the banks. Some brokers connected to a bank, may not offer access to outside funds, forcing you to buy one of its proprietary products.

We'll buy 220 units of CSAV for an investment of $11,000. We'll add the balance of $141.38 to our cash account.

We will use retained earnings to add to these positions:

ZEB – We'll buy 10 units at $32.58, for a cost of $325.80. We now have 180 units with retained earnings of $65.20. This investment hasn't done well so far but bank stocks will recover.

BCE – While the price is down, we'll buy another 10 shares at $56.19 for an expense of $561.90. We now own 70 shares and retained earnings are reduced to $79.92.

The new cash balance (including retained income) is $2,191.73. We will keep it at Duca Credit Union which is now offering 5.25%.

Here is the revised portfolio. I'll review it again in February.

IWB RRSP Portfolio (Revised Aug. 24/23)

Security	Weight %	Shares	Average Price	Book Value	Current Price	Market Value	Retained Income
XSTP	9.0	130	$40.00	$5,200.00	$39.95	$5,193.50	$368.03
CSAV	19.1	220	$50.00	$11,000.00	$50.00	$11,000.00	$0
ZEB	10.2	180	$41.91	$7,544.00	$32.58	$5,864.40	$65.20
XMS	8.1	150	$28.19	$4,228.50	$31.16	$4,674.00	$237.75
ZLB	11.1	160	$31.97	$5,114.80	$40.06	$6,409.60	$191.28
ZLD	4.7	110	$24.08	$2,649.30	$24.58	$2,703.80	$37.40
BN	15.3	200	$49.53	$9,886.00	$43.99	$8,798.00	$28.00
ENB	8.1	100	$52.90	$5,290.00	$46.42	$4,642.00	$177.50
FTS	6.5	70	$57.67	$4,050.90	$53.52	$3,746.40	$343.35
BCE	6.8	70	$63.80	$4,466.10	$56.19	$3,933.30	$79.92
Cash	1.1			$663.30		$663.30	
Totals	100.0			$60,029.90		$57,628.30	$1,528.43
Inception				$25,031.92			

GORDON PAPE'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Amazon.com NDQ: AMZN

HOLD

Originally recommended on Jan. 16/17 (#21703) at $40.86 (split-adjusted). Closed Friday at $133.26. (All figures in US dollars.)

Background: Amazon is the largest on-line retailer in the world, but the company is also involved in many other businesses including cloud storage, video streaming, film production, voice-activated software (Alexa), and more.

Performance: The shares hit a 52-week high of $143.63 in late July but have come off a little since. We have a gain of 226% from our original recommendation.

Recent developments: Amazon released second quarter results on June 30, and they exceeded estimates by a wide margin, sending the share price higher.

Net sales increased 11% to $134.4 billion, compared with $121.2 billion in the same period of 2022. Sales at Amazon Web Services (AWS) were up 12% over last year while advertising revenue jumped 22%.

Operating income increased to $7.7 billion in the quarter, compared with $3.3 billion last year. Operating cashflow increased 74% to $61.8 billion for the trailing twelve months, compared with $35.6 billion for the twelve months to June 30, 2022.

Free cash flow improved to an inflow of $7.9 billion for the trailing twelve months, compared with an outflow of $23.5 billion the year before.

Net income was $6.7 billion ($0.65 per diluted share). In the previous year, Amazon posted a net loss of $2 billion (-$0.20 per share). Cost cutting, including layoffs, contributed to the return to profitability.

Dividend: The stock does not pay a dividend.

Outlook: The company provided third quarter guidance. It expects net sales to be between $138 and $143 billion, a growth rate between 9% and 13% compared with third quarter of 2022. This assumes a favorable impact of approximately 120 basis points from foreign exchange rates. Operating income is expected to be between $5.5 and $8.5 billion, compared with $2.5 billion last year.

Action now: Hold.

Apple Inc. NDQ: AAPL

HOLD

Originally recommended on April 13/20 (#22015) at $66.62 (split adjusted). Closed Friday at $178.61. (All figures in US dollars.)

Background: Apple's iPhones and iPads dominate the market, making it one of the most valuable companies in the world, with a market cap of $2.8 trillion.

Performance: After touching an all-time high of $198.23 in late July, the shares have retreated somewhat. However, we are still ahead 168% from our original recommended price.

Recent developments: In contrast to Amazon, Apple's latest quarterly results were disappointing. Revenue came in at $81.8 billion, down 1% from the prior year. Sales declined for iPad and Mac, contributing to the slowdown.

Profit was up by just 2% to $19.9 billion ($1.26 per diluted share). That compared to $19.4 billion last year ($1.20 per share). For the first nine months of the fiscal year (to July 1), the company reported earnings of just over $74 billion ($4.67 a share), down from $79.1 billion ($4.82 a share) last year,

Dividend: Apple pays a quarterly dividend of $0.24 a share ($0.96 a year). The yield is just 0.5%, but the company has been gradually increasing its payout in recent years, as well as buying back shares.

Outlook: Not great. The company expects sales of iPads and Macs to fall by double digit percentages in the fourth quarter.

Action now: Hold.

RYAN IRVINE AT MONEY SHOW

Contributing editor Ryan Irvine of KeyStone Financial and his associate, Aaron Dunn, will be speaking at the Toronto Money Show early next month, and the event is free.

The presentation is titled: A Simple New Way to Build Your Stock Portfolio in 2023 Plus 5 Great Stocks You Should Buy Today. It takes place Friday, Sept. 8 from 4:15-5:00 pm EDT at the Toronto Convention Centre.

Register here for a complimentary pass: https://conferences.moneyshow.com/moneyshow-toronto/registration/?scode=060197

RYAN IRVINE'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Aritzia Inc. TSX: ATZ, OTC: ATZAF

Originally recommended on April 8/19 (#21914) at C$18.24, US$13.67. Closed Friday at C$24.65, US$18.13.

HOLD

Background: Aritzia is an innovative design house and fashion retailer catering to women. Aritzia operates approximately 115 stores across Canada and the US, in addition to an established eCommerce platform.

Performance: Our last update was on Feb. 21, 2022, at which time we advised selling half your position at $54.16 for a capital gain of 197%, The timing turned out to be right on the mark. The shares turned down soon after and, following a brief rally, have been steadily losing ground.

Recent developments: The company recently reported financial results for the first quarter of fiscal 2024. Net revenue increased 13.4% from the prior year to $462.7 million. Comparable sales growth was 4.1%. US net revenue increased 21.8% to $251.9 million, comprising 54.4% of total net revenue.

Gross profit margin decreased 540 bps to 38.9%, while net income was down 47.5% from last year to $17.5 million ($0.15 per share). Adjusted net income per share was $0.10, compared to $0.35 in the first quarter of 2023.

The results were in line with consensus. This included a moderation of year-over-year revenue growth and material margin degradation, as anticipated. However, the quarter was really an after-thought upon reviewing the company's revised guidance forecast. The downward revisions led to the recent decline in the share price.

The forecast was disappointing, not only because key metrics were lowered, but because it was the second consecutive quarter of lowered guidance. This may raise a question for some investors as to whether Aritzia's brand affinity is on the decline. Ultimately, given the historical success of the brand, we believe this will prove not to be the case. Management attributed its revenue revision to macroeconomic factors affecting the consumer and the acknowledgement of a need for "newness in its product assortment". These are both important

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Aritzia—continued from page 13...

factors in the company's planned 500 bps margin recovery forecast for fiscal 2025.

Dividend: The stock does not pay a dividend.

Conclusion: We view Aritzia as a well-run name in a tough retail segment that will likely be in the penalty box for at least 12 months. In its current range, we recommend holding your remaining half position. We are monitoring the business closely for signs management can deliver on its forecast margin recovery over the next 12-24 months. If executed, that will make the company a solid buy once again.

Action now: Hold.

FINANCIAL FACTOIDS: JEFF BEZOS

This week we offer some little-known facts about the multi-billionaire and founder of Amazon.com, Jeff Bezos.

Family. His mother, Jacklyn Bezos, gave birth to him in 1964 when she was a teenager. His biological father, Ted Jorgensen, was once a circus performer. The couple was married less than a year. When Bezos was four, his mother remarried Mike Bezos, a Cuban immigrant.

Early career. One of his first jobs was flipping burgers at McDonalds.

He started his first business, an educational summer camp for fourth, fifth, and sixth graders called the Dream Institute, when he was in high school.
Amazon. After a stint on Wall Street, Bezos moved to Seattle, where he founded a virtual bookstore while working out of his garage.

He almost named the company "Cadabra," before deciding on Amazon, after the great South America river.

Amazon sold its first book in July 1995. In June 1998 it began selling CDs, and later that year it added videos.
Wealth. He became a self-made billionaire in 1999 at 35 years old.
In August 2020, he became the first person to accumulate a fortune of more than US$200 billion.

Aviation. He survived a helicopter crash in Texas in 2003.
He had a cameo role in "Star Trek Beyond." In July this year, he turned fiction into fact when he reached the edge of space on Blue Origin's New Shepard launch.
Publisher: In 2013 he paid US$250 million to buy The Washington Post, one of the most influential newspapers in the United States.

Source: BusinessInsider.com