

GO-TO STRATEGY:

Follow the rules

A rules-based approach that focuses on risk management has brought **Lori Pinkowski** long-term success



PROFILE

Name: Lori Pinkowski

Title: Senior vice-president and senior portfolio manager

Practice: Pinkowski Wealth Management

Firm: Canaccord Genuity Wealth Management

Location: Vancouver, BC

Years in the industry: 20

Certifications: CIM

LORI PINKOWSKI has always had a passion for the financial industry. At just 22 years old, she became one of the youngest licensed financial advisors at her firm, and she has been a portfolio manager since 2009. Currently a senior vice-president and senior portfolio manager at Pinkowski Wealth

Management at Canaccord Genuity, she has earned numerous accolades, thanks to an active management approach that emphasizes transparency and communication.

“I have always provided clients with the ‘uber’ service they deserve and a disciplined, active investment strategy,” Pinkowski says. “Our investment philosophy is centred around the simple rule of ‘say what you do and do what you say.’ We create personalized portfolios with a strong focus on risk management that have achieved long-term, consistent returns. I have a strategy of selling your losers and holding your winners. If you have a position that is underperforming or a sector that is moving in the wrong direction, you are likely invested in the wrong area, and it is time to move on and look for what is working in this part of the cycle. Clients rely on us to be active and protect them the best we can, which is why I feel we must be active in our approach and apply a disciplined sell strategy.”

Pinkowski’s clients are mainly retirees, making it even more important to focus on managing risk. She does that by incorporating a ‘stop loss’ strategy that provides downside protection when markets are tough.

“This disciplined approach has helped us to raise cash when markets correct and has led us to only capturing half or less of the downside in all of the market corrections since 2008,” she says. “Because of this, our clients are less nervous and confident they will get back to their previous highs and reach their investment goals.”

To do this, Pinkowski determines each

client’s risk tolerance through an in-depth conversation, which allows her to make the proper allocations.

“We then invest into a number of our in-house legacy strategies that aim to provide capital appreciation and preservation with a focus on income generation,” she says. “These strategies have a high weight in large-cap US stocks and certain Canadian stocks, using a top-down process where we decide what sectors to overweight or underweight. We focus on the stronger markets and sectors, which is key to doing well over the long term. We also use select external managers as well to provide even further diversification.”

Throughout the process, Pinkowski stresses transparency and simplicity. She says her clients appreciate her focus on quality companies rather than complicated investment strategies.

“I believe that communication is very important,” she says, “which is why we connect through weekly market and portfolio updates, in-person meetings, and conference calls, as well as a weekly top-rated radio show on News Talk 980 CKNW to educate listeners.”

This year has tested Pinkowski’s approach and forced her to adjust. She sold companies that were breaking down faster than others, resulting in more cash early in March.

“We took one-third to half of the downside of the TSX or S&P 500,” she says. “Given that the initial pullback quickly developed into a market crash, we made exceptions to our rules and decided to hold a number of our portfolio companies beyond their sell levels. Utilities,

telecoms and certain technology giants we held, as we felt they would not only survive but thrive in this new environment. This was the right move – it's good to be flexible.”

After the market bottomed out and central banks added significant stimulus toward the economy and the treasury markets, Pinkowski put money back to work very quickly.

“We added names in the technology sector, consumer staples and discretionary stocks, as well as increased our gold position,” she says. “With markets having recovered most or all of their losses on the year, we understand that the easiest part of the recovery is likely behind us, as it has been led by investment themes in technology and consumer discretionary. The economy, however, will

take time to recover, and there are a number of economically sensitive sectors, such as industrials, materials and consumer stocks, that are primed to lead markets moving forward as the global economy recovers. These are some areas that we believe offer strong relative value in today's environment. In addition, the upcoming US election will add to volatility. That kind of market move is to be expected and will be managed accordingly, and we have already proactively made changes to the portfolio in anticipation.”

While Pinkowski has navigated the challenge of COVID-19 well, she still sees one lingering issue for portfolio managers: generating income for clients in a low interest rate environment.

“Canadian investors have traditionally sought out income through bonds, banks, REITs and pipelines – all of which underperformed in 2020,” she says. “Today, low-risk GICs and higher-quality bonds offer low annual rates of return, so portfolio managers must look elsewhere. We believe that you still need to ensure the portfolios are, first and foremost, in the right sectors and then look for dividends.

“A good portfolio manager should be able to make quick, well-thought-out decisions under pressure and always strive to protect their clients' portfolios when markets are tough,” she adds. “We never veer away from talking to clients during volatile times because it strengthens the trust we have.”