

## One for the Books

Exactly one year ago, I was on a flight from Portland to Hong Kong. I remember thinking that the crackdown on protestors in that city would be a dominant headline in the coming year. Little did I know (let alone the rest of the world) that Covid-19 was already making its way from deep inside China to Europe and the United States.

Leading up to that flight, I had grown increasingly convinced that the US equity markets were in the midst of a long-delayed rotation toward value stocks. That rotation showed its first signs in the fall, and I expected that trend to continue well past the election. At the time, the US and global economies appeared to be working well and poised for more growth.

That all changed in early March as the phrases “asymptomatic spread” and “bending the curve” became part of our daily lexicon. The discounting of a long, drawn-out pandemic began.

One year later, we are seeing some light at the end of the tunnel. That said, we have all been impacted by the pandemic, from remote working to Zoom calls to the tragic loss of loved ones. As vaccines are rolled out to the population in the coming year, we look forward to a time when we can say with certainty that the pandemic and its horrible effects are “now behind us.”

It is apparent to us that the US equity markets have already begun to discount a return to sustained economic growth by mid-2021, and that further attention will be put on smaller companies that quickly respond to increases in demand. In fact, since late September, this has already been occurring. We are hard at work identifying those companies.

We have several announcements that we would like to share with you. First, Tammy Wood, our Director of Business Development, will be leaving at the end of the year to take on a great opportunity at a Consulting firm. Tammy has been with us for five years and she will be missed.

Also, Adam Wilkie has been made a partner at Pacific Ridge. Adam joined us five years ago from Johnson Investment Council. Prior to that, he worked with us at our predecessor firm for more than three years. We are proud to have Adam as part of our team and to recognize his contribution to our success.

Finally, Dominic Marshall has been named Chief Investment Officer at Pacific Ridge. This title formalizes the role that he currently plays in managing our firm’s overall research process. Dominic and I will continue as senior portfolio managers for all of our strategies, sharing responsibility for day-to-day investment decisions. This appointment is well-deserved and we thank Dominic for his many years of service to our firm.

As we reflect on the closing of this current year, we look forward to the one that is coming. We are optimistic that valuations matter and that the massive shift in the equity markets during the first half of 2020 will turn in favor of smaller value companies. We recently celebrated the tenth anniversary of our firm. It remains a privilege to serve as your investment manager, a responsibility that we take personally. On behalf of the entire staff of Pacific Ridge Capital Partners, thank you for your continued business. We look forward to good days ahead.

