



not your  
**ORD**inary newsletter

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**A**S WE **DRAW CLOSER** TO THE END OF 2022, **THE BACK-AND-FORTH PING-PONG** OF MARKETS CONTINUES TO ENDURE. AFTER A CHALLENGING SEPTEMBER, A SOLID RELIEF RALLY DURING OCTOBER ENDED WITH THE DOW JONES INDUSTRIAL AVERAGE **LOGGING ITS BEST MONTH IN NEARLY 50 YEARS**. YOU'D BE FORGIVEN FOR NOT NOTICING THAT IN THE CONTEXT OF WHERE MARKETS HAVE COME FROM DURING THE PAST YEAR.

In our last newsletter, we outlined that we were headed into a time period (October to January) that is historically positive for markets on average. So far, we have seen a decent bounce from those September lows, and hopefully, the seasonal pattern will continue over the next few months. However, we want to take this opportunity to move the focus away from the short term and provide you with several brief insights gained over many years of investment experience.

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# NOVEMBER MARKET UPDATE

## 11 THINGS TO REMEMBER THIS NOVEMBER

**1. IF YOU GO BACK TO 1945 AND DRAW A CHART SHOWING** the relationship between S&P 500 stock performance and the Earnings Per Share of those same stocks, you'll notice that they follow a very similar path. The lesson here: over time, companies that you own in your portfolio will pass along their earnings growth to you through their share price. An extra bonus: this does not even include any dividends paid out to you! Short-term dislocations will happen, but the relationship between the two is pretty clear:

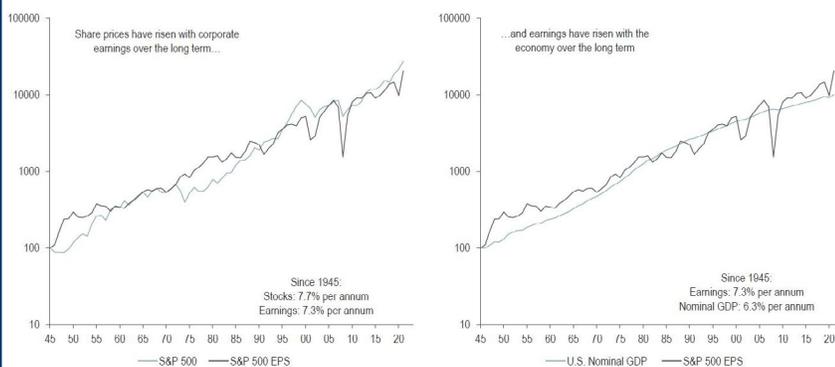
**3. RECESSIONS ARE A** normal part of every economic cycle. They have happened many times in the past and will happen again in the future. Long-term stock market returns include all of these recessionary periods.

**4. RELATED TO #3, THE** best returns in the stock market often come in the recovery phase after a recession. When markets do ultimately reverse to the upside, it can happen extremely quickly and before investors feel comfortable. Having a place at the table and remaining invested is the only way to ensure you do not miss that recovery.

**5. STOCK MARKETS ARE** forward-looking. You may have heard this phrase before, but it is important to remember. Historically, the bottom is found in the stock market before a recession is over, as investors look toward the recovery several months ahead.

**2. REMEMBER THAT THE STOCKS YOU OWN ARE** businesses. A business owner does not sell their company every couple of years when they think they can buy it back at a lower price in the near future. A quality business will be prepared for the tough times and often make it out of the other side in better shape.

Economy and corporate earnings set the long-term path for the stock market



**6. MARKET TIMING** is extremely hard and not advisable for long-term investors. It involves getting at least two decisions right (selling near the top, buying back lower than before) and repeating that process consistently over your lifetime. You don't need a crystal ball to be successful as an investor, but you do need to have discipline and focus, especially when markets are volatile.

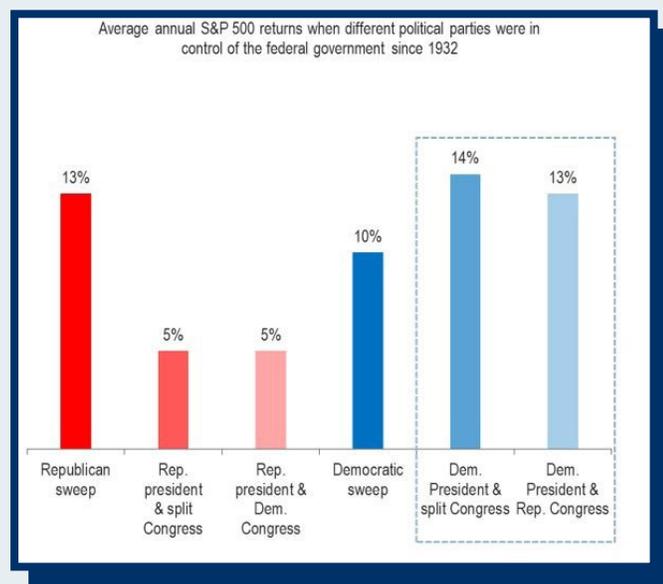
**7. TIMES OF EXTREME** negative sentiment (as we have seen recently) are historically better times to be buying than sell. Sure, there can always be a bit more downside in the very short term, but looking out several months to a year, returns have been well above average after investor sentiment goes extremely negative.

**8. DIVERSIFICATION IS** your friend! This doesn't just mean diversification between equities, fixed income and alternative investments. This also means diversification within those asset types. Owning quality companies in a variety of sectors can help to reduce risk and smooth out portfolio returns over time.

**9. WITH INTEREST RATES NOW AT MULTI-YEAR HIGHS** and stockmarkets well off their highs, the return profile for investors has actually improved going forward. We highlighted this last month, but fixed-income investors have not seen this level of expected return in some time. Along with stocks trading at much lower earnings multiples than they have in recent years, expected returns have improved significantly from where they were with near 0% interest rates.

**10. WITH THE U.S. MIDTERM ELECTION THIS** week, it is worth noting again that the 3rd year of a presidential term has been by far the best for S&P 500 stock market returns over time, averaging 16.3% since 1932.

**11. WE WANTED TO SHARE ANOTHER INTERESTING** chart, which shows the relationship between the control of the federal government and S&P 500 returns. The two most likely outcomes (as of writing) in Tuesday's election result in the most historically positive return profile. It seems that equity markets prefer gridlock in Washington.



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## RBC WEALTH MANAGEMENT FINANCIAL LITERACY PROGRAM

FINANCIAL LITERACY MONTH IS RECOGNIZED ANNUALLY IN CANADA IN NOVEMBER, AND SO THE NOVEMBER NEWSLETTER SEEMED LIKE AN APPROPRIATE TIME TO TOUCH ON THIS IMPORTANT SUBJECT.

The purpose of this month is to educate Canadians so that more of them feel equipped to provide for themselves and their family and invest in their own and their family's future, all while understanding their financial obligations. Unfortunately, many Canadians do not meet the minimum threshold of comprehensive financial knowledge.

**THE RBC WEALTH MANAGEMENT FINANCIAL LITERACY PROGRAM is a learning platform to help individuals build sound financial management skills.** This holistic learning model targets Canadians who are 16 years of age or older and features a series of learning modules along with plenty of useful information.

**We would strongly recommend our clients** take a look at this program if they feel they could benefit from this and share it with others. This could be especially useful for those with a teen or young adult children.

**Please reach out to us** if you would like any further information or materials. We are always happy to help educate our clients, so please let us know if our team can use our resources to assist with financial matters.

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# MASKED UP

THE INAUGURAL MASQUERADE BALL



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**T**HE CASA LOMA GALA supported ComKids, an organization providing technology to underserved youth.

Many of the city's boldest names donned disguises at the Casa Loma on October 27 for Toronto's first-of-its-kind Masquerade Ball. **The gala supported ComKids, a community-based organization that works to provide underserved youth with computers and internet access.** Proceeds from the event will help grade 7, and 8 students across Canada who currently have limited tech resources overcome barriers to academic success.

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**AS ALWAYS, PLEASE REACH OUT TO US DIRECTLY IF YOU HAVE ANY  
QUESTIONS OR CONCERNS RELATED TO YOUR PORTFOLIO.**

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**ORD PRIVATE WEALTH MANAGEMENT**

Best regards, John, Tim, Liam & Mikail

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