



Wealth Management
Dominion Securities

Ord Private Wealth Management



Not Your *ORD*inary Newsletter - June 2022

Dear Clients,

Below is Ord Private Wealth Management's newsletter that we will be sending out monthly going forward. We hope you find that there is timely and useful information included. As always, please reach out to us if you have questions or concerns about anything we have touched upon. For more information please visit our website.

Market Update

2022 has started out as one of the most challenging on record for equity markets across the globe. Higher levels of inflation were already expected to occur this year, however those inflation risks were amplified the last few months by the sudden onset of war in Ukraine leading to commodity shortages and a lack of clarity for how long this conflict may continue. Adding to that: global supply chain issues continue to persist, which have not been helped by China's "zero-COVID" policy leading to extended lockdowns of globally important economic centers. The Federal Reserve in the U.S. has also been a cause of investor unrest, with messaging around interest-rate hikes shifting to a more hawkish view. This fear in markets has been expressed by the S&P 500 closing nearly 20% down from its November highs on May 19, 2022, at a level of 3900.

With all of that going on, it may seem like an extremely difficult time to stay invested in the market. However, there are still positives to focus on if you look under the surface. First, each of the main U.S. recession indicators that our Global Portfolio Advisory Committee looks at are still reading as “expansionary”. For a recession to be on the horizon, historically there have been at least a couple of these indicators that have flipped from green to red, and usually in advance of the actual recession. As expected, growth in GDP is slowing from the very high levels that occurred after the pandemic-caused recession of 2020. However, slower growth does not equal recession. The U.S. consumer still remains resilient, and there are extremely high levels of cash sitting on the sidelines and not currently invested in the market. Investor sentiment has also reached multi-year bearish lows, which often occurs near a bottom in markets rather than at a top (see commentary attached).

We have been expressing the view since January that it could be a volatile first half of the year (and has it ever been). It is during these times that it is the most important to keep the long-term focus in mind and not fall victim to emotion-driven responses. Keeping a disciplined approach, complete with rebalancing your portfolio on a semi-annual basis can help avoid falling into those traps. We do have a constructive view on equities going forward into the second half of 2022. Should any of the factors causing this uncertainty (inflation; conflict in Ukraine; supply chain issues; Fed hawkishness) start to trend slightly more positively, we should see investors start to put some of that cash to work again in the markets.

As always, we focus on businesses first when making investment decisions. The stock market is simply a place where shares of these businesses are traded. The price of a stock can always fluctuate based on short-term sentiment, but ultimately it will be the underlying fundamentals of a company that matter in the long run to provide compounded returns.

You can find our most recent client commentary attached that provides more detail into how heavily bearish investor sentiment can actually be a sign of above-average market returns in the near future. Also, previous commentary can be found on our team website under the Client Communication link.

Estate Planning for Second Properties

It is the time of year when many Canadians are opening their cottages for the summer. Whether you currently own a secondary property, or are planning to purchase one, proper estate planning for this is crucial to avoid succession battles and unnecessary costs to your family.

The attached Navigator article outlines some useful strategies for succession planning if you wished to keep a property in the family. Others may feel it makes more sense to sell the property to more easily split the wealth amongst beneficiaries. Whatever your wishes may be, having them

properly recorded and clearly communicated to those involved can help ensure that a property does not become a source of conflict or an undue burden for the family.

If this is something you feel you may want some assistance with, please feel free to contact us. We would be happy to take a look at your situation and connect you with our RBC Will and Estate Team if needed.

Audio Commentary from Jim Allworth

In case you missed it back in May, we wanted to resend a recent recording with commentary from Jim Allworth. We felt it was very timely and touched on many of the questions that are most asked these days about inflation and its relation to markets. If you have about 20 minutes to take a listen, this is highly recommended.

https://rbcplayer.com/inflation_the_growth_outlook_and_some_thoughts_on_fixed_income_051722

As always, please reach out to us directly if you have any questions or concerns related to your portfolio.

Best regards,
Ord Private Wealth Management
John, Tim, Liam & Kristen

RBC Dominion Securities Inc.