Good afternoon, after a little over six months of interesting headlines and market volatility (that we are not used to) I am very proud of the families and corporations that we help. The investment road to start 2022 has been a path we rarely see, watching investment statements as values tend to decrease more than they rise. We are watching central banks purposely cool the economy (with rising interest rates – and a one percent interest rate hike in Canada this week alone) to contain inflation. We do not want the economy to cool too much as that will impact the short-term growth of the stock market. Slowing the economy also slows down the profitability of the companies we own within investment portfolios.

This is not a permanent pull back – but rather a temporary recalculation of what companies are now valued at based on their new prospects for profitability in a future with higher inflation and higher interest rates. Market volatility is a normal occurrence – but that does not make it any easier. It will take a little time for the market to work through this and unfortunately the path is never a straight line upwards.

I see the great people that we help watching closely, reading our Friday emails and asking smart questions. We own some of the highest quality investments and there is a sense of comfort... and that is what I am most proud of.

There is no panic... and that really excites me. We have been through this before... and we will go through it again. Our Friday emails only share a small portion of my weekly reading, and the conference calls and conversations/meetings with money managers and other market participants.

Where do we go from here? If valuations pull back further and we get some uncharacteristically large sales in stocks we will follow the advice of one of the world’s most successful investors...

"Every decade or so, dark clouds will fill the economic skies, and they will briefly rain gold. When downpours of that sort occur, it's imperative that we rush outdoors carrying washtubs, not teaspoons..." - Warren Buffet.

I have little stress over the short term pull back of the great companies that we own... I am concerned, however, about missing what may be the best buying opportunity (for certain investments) that only comes along every five or ten years. Our portfolios have a component of “dry powder” and some of the people that we help are adding more cash to their portfolios. We are in a great place to invest in big opportunities if they occur.

The sale prices are mild so far- but my team and I are waiting with washtubs just in case company valuations enter an oversold position. We do not have that opportunity very often – and we are analyzing every ounce of information to put portfolios on the best path to continued profitability. – Brad.

Canada’s Prime Interest Rate Increase

Canada’s top five banks all announced increases to their prime rates that go into effect on Thursday, July 14. Each bank will raise its prime interest rate by 100 basis points, from 3.7% to 4.7%.

To read this entire article, please click here.

Did You Know?

The term "blue chip" is often used to describe shares of high-quality companies that trade on the stock market. The term actually originated from the world of poker.

Traditionally, poker chips were designed in three colors - white, red, and blue. The blue poker chips had the highest value and were the most desired as a result.

A "blue chip" stock is a stock from a reputable, well-established, and financially sound company… the best of the best so to speak. The investments that are at the top of my list. – Brad.

What To Know When It Comes To Estate Planning

Having an up-to-date estate plan that includes a Will is important, but it's just the first step. Talking to your family about a plan can help alleviate questions, stress and time when it comes to settling the estate down the road.

To watch RBC's 2 minute video with David Chilton (author of The Wealthy Barber) and his daughter, Courtney, discussing important key takeaways of estate planning, please click here.

Brad's Interest Rate Update

Markets are now pricing in an 80%+ probability that the U.S. Federal Reserve (Fed) will follow Canada's lead of a 100bps (1%) interest rate hike later this month.

Trent Nicolay, from our team, recently purchased a home with his fiancé. Knowing interest rates were increasing this year they chose to meet with an RBC mortgage representative well before they began shopping for a house. Mortgage agents have the ability to hold a mortgage rate for up to 90 days before buying a house. Using this 90 days to their advantage, they were able to avoid two Bank of Canada interest rate hikes and lock into a more attractive mortgage rate.

Looks like Trent may have followed my earlier Friday email advice when I stated, "If you know someone thinking about buying a house, looking to refinance, or approaching mortgage rate renewal this year… I think the time is right to review options for locking in at these low rates before inflation increases further and takes interest rates along for the ride higher."

The Robb Nash Project - A Living Curriculum

In June 2019, we hosted an event with Canadian rock band, The Robb Nash Project, at the Westerner in Red Deer. During the performance, Robb shared his story of resilience and strength in battling mental illness.

Today, Robb is taking his mental health advocacy into classrooms, in the form of a new school program that empowers students to open up about mental health, and ask for help.

Support from the RBC Foundation has helped enable The Robb Nash Project to offer schools the program for free. More than 100 schools across Canada have registered with the online curriculum for the 2022/2023 school year, with a goal of reaching 18,000 students.

To read more about Robb's *A Living Curriculum,* please click here.

Brad's Wealth Planning Strategies During a Market Downturn

In an economic climate that is constantly evolving and changing, my article presents key wealth planning strategies that we consider as we manage your financial well-being during this period of heightened volatility.

To read this article, please click here.

Brad's Weekly Market Update

Bank of Canada hikes interest rates by 100 basis points; Jobs and price data point to larger Fed move; Euro hits parity with U.S. dollar; China's consumer price index grows faster than expected.

To read this article, and several more, please click here.

Money spent consistently on little expenditures can add up quicker than one may realize. Alternatively, the power of compounding holds a much similar effect.

The Rule of 72 is a simple way to determine how long an investment will take to double given a fixed annual interest rate.

For example, the Standard & Poor's 500 (a market index of 500 leading publicly traded companies in the U.S.) has delivered a historic annualized average return of around +11.88% since its 1957 inception through the end of 2021.

Using the Rule of 72 (*72 divided by 11.88*), tells us that it would take approximately 6.06 years for an initial investment of $3,360 to turn into $6,720.

Just another reason to love sandwiches!

Your Friend & Advisor,

Brad

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