



Fall Quarterly Edition

FROM GORD'S DESK

By now you will have received your statements as of September 30, 2022. Performance will reflect current market conditions.

The third quarter continued to challenge investors and financial professionals, as interest rates continued to rise while economic activity is slowing. We are in a bear market in several markets around the world and talk of a recession continues in earnest.

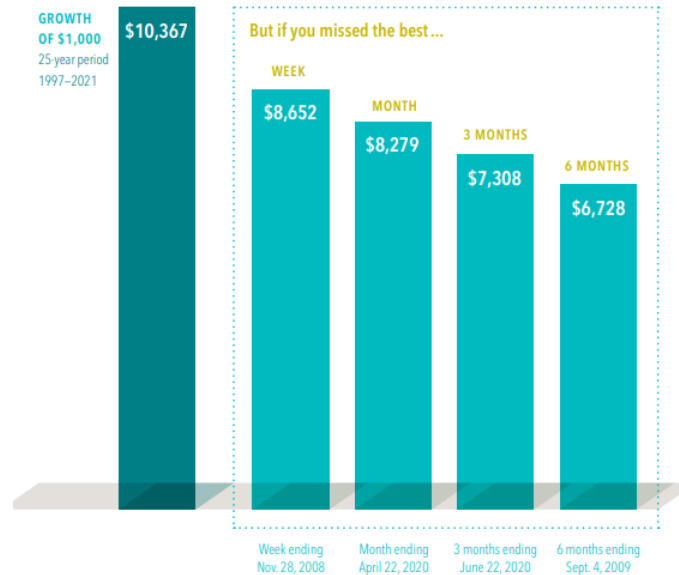
What can we do and where do we go from here? Here are a couple of thoughts to keep in mind while we navigate these challenging times.

It's not about what happens on one of the days, it's about what happens on all of the days.

Your portfolio is built on data and logic, with a focus on the long-term goals we have defined together. Missing only a brief period of strong returns can drastically impact overall performance. The impact of being out of the market for a short time can be profound, as shown by this hypothetical investment in the stocks that make up the Russell 3000 Index, a broad US stock market benchmark.

A hypothetical \$1,000 investment made in 1997 turns into \$10,367 for the 25-year period ending December 31, 2021.

RUSSELL 3000 INDEX TOTAL RETURN¹



Source: Dimensional Fund Advisors May 19, 2022

- Over that 25-year period, miss the Russell 3000's best week, which ended November 28, 2008, and the value shrinks to \$8,652. Miss the best three months, which ended June 22, 2020, and the total return falls to \$7,308.
- There's no proven way to time the market, either by targeting the best days or moving to the sidelines to avoid the worst. Evidence suggests staying put through good times and bad is the best strategy.

Control what you can.

While it might seem next to impossible to tune out the noise, it is important to use reason and not emotional reaction when making investment decisions. There are things within our control and things we can do to ensure you stay on track:

- Reviewing your asset mix to ensure it remains in line with your goals and risk tolerance. We can rebalance your portfolio if necessary.
- Making regular contributions to your accounts. Adding to your investment portfolio or increasing monthly contributions during down markets can magnify the positive impact they can have on your long-term retirement plan.
- Saving more and spending less. From cutting spending to paying off high-interest credit cards, determining your financial priorities can go a long way in achieving your goals.

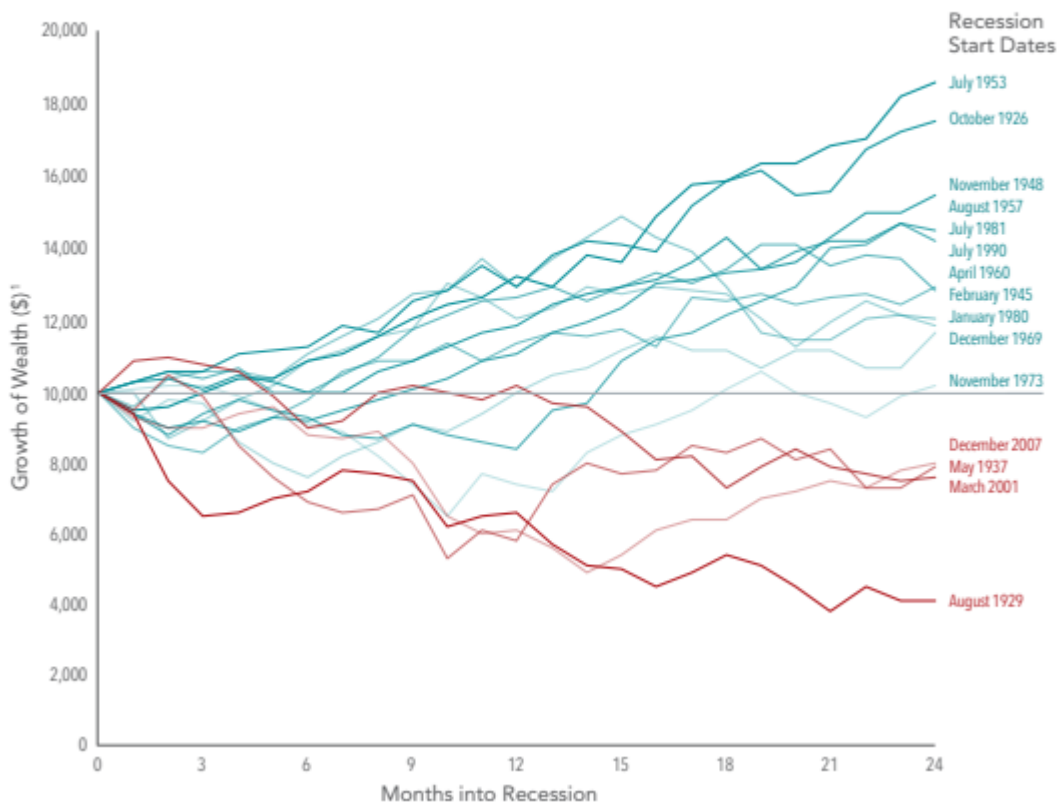
We are always available to discuss how you're feeling about these challenging times, any changes to your goals, and to adjust your plan to help you remain on the path to pursuing them. The team and I are here for you.

FROM JEREMY'S DESK

The dreaded “R” word has reared its ugly head in financial markets around the world. Recessions are defined by a period of **temporary economic decline** during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters. We have spoken to many clients over the course of the past few months about the impacts of a recession on their investments. Understandably, people often have a hard time separating the stock market and the economy. Economic downturns can be worrying, but research shows stock prices have generally fallen before a recession begins, and start to rebound during recessions, in anticipation of a return to economic and corporate earnings growth.

In the past century, there have been 15 recessions in the United States. **In 11 of those instances, stock returns were positive two years after the recession began.** The average annualized return two years after the onset of these 15 recessions was 7.8%. As the chart below demonstrates, a \$10,000 investment at the peak of the business cycle would have grown to \$11,937, after two years on average.

PERFORMANCE OF A HYPOTHETICAL \$10,000 INVESTED WHEN A US RECESSION BEGAN



Source: Dimensional Fund Advisors May 13, 2020

Recessions understandably trigger worries; investors are often tempted to abandon equities and go to cash when there is heightened risk of an economic downturn. But a history of positive average performance following a recession can be comforting for investors wondering about sticking with stocks. We can avoid overreacting to the latest economic news by staying the course with our well-planned, evidence-based and long-term investment plans.

2022 TAX LOSS SELLING

Like every year at this time, we are reviewing your non-registered accounts for tax-loss selling opportunities that might benefit you at tax time.

If you have any unused capital loss, this can be carried forward indefinitely against future capital gains. In order to take advantage of tax-loss selling, the transaction must settle before the last business day of the year. Since there is a 2-business day settlement period on equity transaction, all sale transactions will have to be entered by **Friday, December 23**, but it's a good idea to try not to leave it to the last minute.



“IN-KIND” CHARITABLE DONATIONS – A WIN-WIN-WIN PROPOSITION



If you are planning to make a charitable donation this year, talk to us before **Monday, December 12, 2022** so that you will receive a tax receipt that can be applied to your 2022 tax return.

There are many benefits to charitable giving, from the satisfaction of giving back to the community and helping those in need, to the tax credits that can provide significant tax relief during your lifetime and minimize future taxes payable by your estate.

Contact **Lynn at (905) 372-7490** to learn more and talk about how we can help you.

MIRACLE DAY

Over the past 23 years, the Ley Wealth Management Group has donated over \$125,000 to the CIBC Miracle Day fund for several local children's charities. As a reminder, if you are planning to do any tax-loss selling before year end or any end-of-year trades, all trades placed on **December 1, 2022** are directed towards this initiative.



If you would like more information or have any questions, please call **Lynn at (905) 372-7490**.

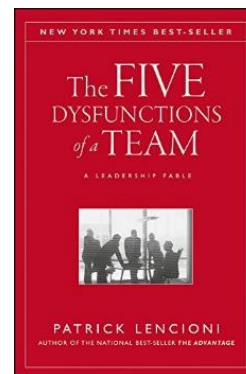
RESOURCES & RECOMMENDATIONS: NEW!

We are adding a new section to our newsletter! Each quarter we will provide recommendations and resources that we think will be of particular interest to you.

This quarter: Book review

Our team is continuously working to be better. We have been working with a coach and the Entrepreneurial Operating System for over a year now. Considering we have a bigger team, our transition has been very streamlined.

Last week we had our annual business planning retreat at Elmhirst Resort on Rice Lake. Part of our focus revolved around the book *The Five Dysfunctions of a Team* and the lessons around being a better team.



Over the years, I have read many books on business and team building. I found this to be one of the best books on the topic and, after reading the book, the whole team agrees. I highly recommend it to anyone working in a team environment.

UPDATES FROM THE TEAM

Lynn's Joy:

"I have navigated through many changes in the past couple of years particularly the growth of our wonderful team and dealing with the many challenges of Covid. For over two years we were not able to meet with our clients face to face. This has always been one of the best parts of my job and I missed it a great deal. Thankfully, we are meeting with clients in person once again! I have had the pleasure of working with my daughter, Jaclyn, who joined Gord and me just over a year ago. Jaclyn has been focused on studying and writing her exams to obtain her licence, which she did this past summer. We are immensely proud of her. Her busy life gave me the opportunity to spend more time with my two favorite guys, Hunter and Harrison, who will be six in a few days and have just started grade one. They are happy, robust boys who can always bring a smile to your face. We were lucky to spend four days together in Niagara Falls this summer and they had a blast. They bring so much joy to me and my husband, Joe."

A handwritten signature in blue ink that reads 'Gordon Hey'.



A Fun Fact about Ashley:



“I have been volunteering at the Ontario Regiment Museum in Oshawa for 9 years, where my spouse and I volunteer together. While our involvement was born out of his interest in military vehicles, we have both learned so much and enjoy spending time with our volunteer family. The museum is dedicated to keeping our regimental history alive, passing down knowledge to the next generations, and maintaining North America’s largest collection of operational military

vehicles. You will find me at our monthly Tank Saturdays from May to October each year, as well as our annual epic weekend-long show, Aquino, in June, where I am the primary driver of our M60A3 Patton tank.”

Jaclyn’s Looking Forward:



Fall is here and I cannot wait for the holiday season. From the pretty lights, hot chocolate and homemade cookies to the carols and Christmas movies, it is a magical time of year. For those of you that do not know me well, **I ABSOLUTELY 100% LOVE the holidays.**

I adore our family get togethers, delicious homecooked food, laughing and telling stories. It is the one time of the year when I feel life slows down, and you can cherish and enjoy the moments of laughter and smiles. I have always enjoyed this season the simplicity of being home where it is warm and cozy and enjoying a great book or movie, surrounded by my favorite people. Life doesn’t get any better!

Jeremy’s Passions:

Since I was a young teenager, I have been an avid windsurfer. Twice a year I travel to Cape Hatteras in North Carolina to go windsurfing. This spring we travelled to Frisco Bay where my kids took up kitesurfing while I windsurfed. This spring, they want to try their skills at windsurfing, impressed by how fast you can fly on the water!

My second passion is hiking. Every year in the spring and fall, our family travels to Lake Placid and we hike the high peaks of New York. We have introduced close to 70 friends, family and clients to the sport and it is amazing to share this passion with them. We usually stay at Johns Brook Lodge in the heart of the mountains, just outside of Keene Valley. A particularly memorable moment we had a few years back was when our crew of 25 hiked in a full thanksgiving dinner to the lodge. Capacity there is only 30 people, so we shared our thanksgiving dinner with five Americans who were unprepared for such fun and cheer from us



Canadians. Even more entertaining was when we hiked out our scrap food which included a rather large turkey for four miles.

Gord's Epic Year:

This has been a Covid Catch-up Year for me. I just returned from three weeks of cycling in Europe and checked off one bucket list item while there.

In 2019, I entered a cycling challenge that I did not really know if I could complete. Called the Cent Col Challenge, it consist of 100 mountain passes in 10 days cycling in the Pyrenes. Due to Covid in 2019, it was postponed and had to be completed this year.

This has been an epic year for me and my cycling adventures. I really appreciate my team's support in looking after everything during these volatile markets in my absence.

It's good to be back!



Gordon M. Ley, CIM
Sr. Wealth Advisor

Jeremy Hall, CFP, CIM
Sr. Wealth Advisor

Lynn Agueci
Associate Wealth Advisor

Jaclyn Agueci
Administrative Associate

Ashley Moynes
Client Associate

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Ley Hall Wealth Management

72 King Street W, Cobourg, ON K9A 2M3
135 Charlotte Street, Peterborough, ON K9J 7X6

Tel: 905 372-5330
Fax: 905 372-6281
Toll Free: 1 877 217-9323

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