

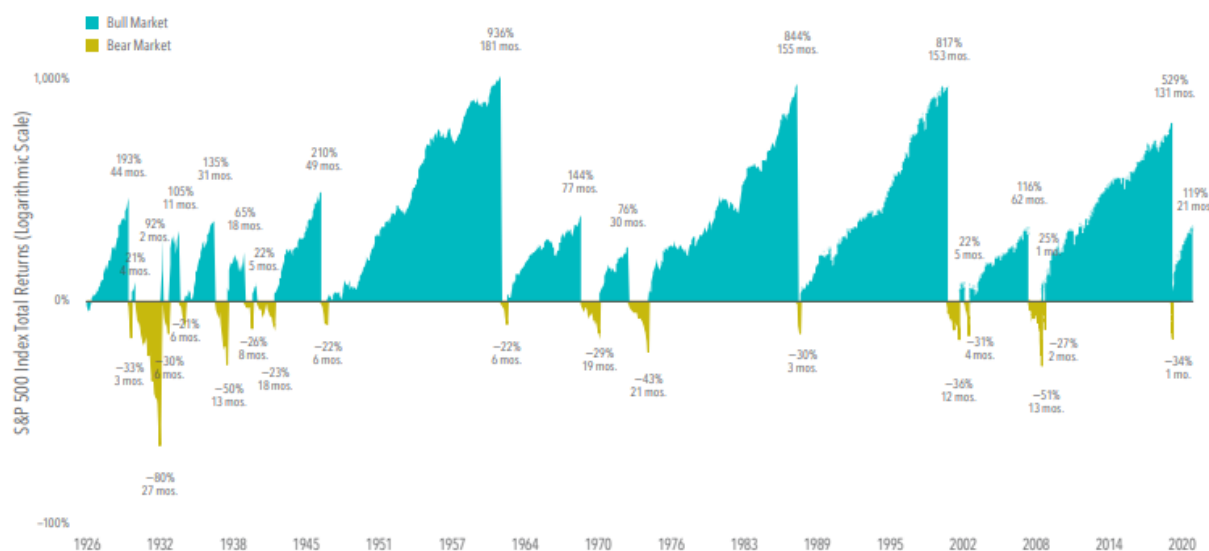
Summer Quarterly Edition

FROM GORD'S DESK SURVIVING A BEAR ATTACK

When getting ready to race The Great Divide I learned to carry bear spray and the worst thing you can do if you meet a bear in the woods is to panic and run away. Fortunately I never had to test this strategy when riding in Grizzly Bear country. Over the years I have had to stare down many bear markets and know that the same can be said about your reaction to a bear market. Bear markets are defined by a 20% drop from recent highs but the causes of each vary. As noted in our last newsletter: "Every market decline has its own set of unique causes. It is our view that the current decline is a response to severe inflation, and the extent to which the economy might be driven into recession by the Bank of Canada and the US Federal Reserve's somewhat belated efforts to root that inflation out." The ongoing war in the Ukraine is also a major factor.

The good news? As this graph illustrates, stock returns are volatile, but nearly a century of bull and bear markets shows that the good times have outshined the bad times.

S&P 500 INDEX TOTAL RETURNS
January 1926–December 2021



Source: Dimensional Fund Advisors

- From 1926 through 2021, the S&P 500 Index experienced 17 bear markets, or a fall of at least 20% from a previous peak. The declines ranged from -21% to -80% across an average length of around 10 months.

- On the upside, there were 18 bull markets, or gains of at least 20% from a previous trough. They averaged 55 months in length, and advances ranged from 21% to 936%.
- When the bull and bear markets are viewed together, it is clear equities have rewarded disciplined investors.

So how does this effect our investment policy? It doesn't. We are long-term, goal-focused, plan-driven investors who own diversified portfolios. We do not react to current events, no matter how distressing they may be. After 30 months of chaos (the pandemic in its several variants, roaring inflation, supply chain issues, the war in Europe and so on...) we are all understandably exhausted. This is when the impulse to panic becomes strongest and when the impulse must be resisted most strongly. This is our job. The stock market's ups and downs are unpredictable, but history supports an expectation of positive returns over the long term. For the best shot at the benefits the market can offer, we will stay the course, remain invested in our core strategies, and survive this bear market.

FROM JEREMY'S DESK

BONDS ARE DOWN BUT MY FIXED INCOME STRATEGY IS UP?

BONDS, INTEREST RATES AND OUR 5 YEAR GIC LADDER STRATEGY: HOW IT WORKS

Bonds have an inverse relationship to interest rates. When the cost of borrowing money rises bond prices usually fall, as currently witnessed in the fixed income market. Most bonds pay a fixed interest rate that becomes more attractive if interest rates fall and drives up demand and the price of the bond. On the other hand, when interest rates rise, investors will not want the lower fixed interest rate paid by a bond, and this results in a decline in its price.

In an effort to curb inflation, The Bank of Canada (BoC), recently raised its rate by 1% to 2.5% and said more hikes would likely be needed. The move surprised economists and money markets as they had forecasted a 75-basis point increase. Short term rates are therefore expected to rise further during the second half of the year, as Central Banks try to catch up with the economic realities.

To combat rising rates and their effects on the bond market, the majority of your fixed income portfolio is invested in a laddered Guaranteed Investment Certificate (GIC) strategy that has generated positive returns. A "GIC ladder" is a strategy to maximize the return on your investment by dividing a lump sum of money between a series of GIC's with staggered maturity dates. This strategy can help reduce the risk of interest rate fluctuations and increase your portfolio's overall return.

REMINDER: ANNUAL ADMINISTRATION FEE

The Registered Account Annual Administration Fee, covering the period from September 1, 2021, to August 31, 2022, will be processed on **Friday, September 16th, 2022**, and will be reflected in your account on Monday, September 19th, 2022.



REMINDER: RESP WITHDRAWALS

High school graduation day has come and gone, and your son or daughter is taking the next step in their educational pursuits by starting college or university. When you're ready to begin making withdrawals from your RESP, there are a couple of requirements that we can help guide you with.



Below are a few requirements and regulations for RESP withdrawals:

- The beneficiary (your child or grandchild) must be enrolled either full-time or part-time at a Canadian or foreign post-secondary institution (this includes online courses).
- The beneficiary may withdraw up to \$5,000, for the first 13 consecutive weeks of full-time studies (\$2,500 for part-time studies).
- After the 13-week wait period, grant and income portion of the plan of \$24,676 or less may be withdrawn without receipts or approval from CRA.
- A RESP withdrawal form prepared by our office must be signed by the subscriber (parent or grandparent) and beneficiary (child).
- The application for RESP withdrawals must also provide a proof of enrolment letter from the college/university that includes the school letterhead, student name and whether they are in full-time or part-time studies.

THE GREAT DIVIDE BIKE RACE: AN UPDATE FROM GORD



Thank you to everyone for all the good wishes and support during our epic journey. We biked an astonishing 3000 kms, through a variety of weather conditions. Mother Nature definitely gave us her all! Here is a [great article](#) from the New York Times on the challenges we pushed through.

Although we did not finish the race, we were very proud of our accomplishment and excited to be giving back to your nominated charities. Thanks to you, I am donating over \$8000!

Below is our charity calendar and you can see the funds I will donate to each of them based on each day's distance ridden (\$1 per km) and meters climbed (10 cents per). Donations from July 1st to the 5th are based on an average since we did not complete the race in full.

THE GREAT DIVIDE CHALLENGE

JUNE/JULY 2022

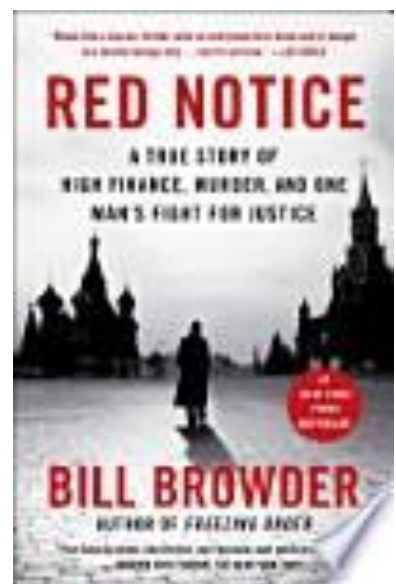
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					10 Ed's House NHCC \$402.93	11 Polio \$409.00
12 Heart & Stroke \$241.30	13 Peripheral Neuropathy \$409.00	14 Campfire Circle \$186.24	15 Ronald McDonald House \$398.68	16 Princess Margaret Rubinfoff Foundation \$254.22	17 Pancreatic Cancer Foundation \$407.99	18 Horizon's of Friendship \$223.39
19 Operation Smile \$381.26	20 Greenwood Coalition \$237.71	21 Golden Rescue Canada \$358.94	22 Cornerstone Family Violence \$208.26	23 Ecojustice \$378.63	24 Covenant House \$276.51	25 Campbellford Memorial Hospital \$271.30
26 Presquile Point Lighthouse \$259.06	27 Chalice Canada \$360.97	28 Parkinson's \$290.81	29 Northumberland Food Bank \$317.94	30 Habitat for Humanity Northumberland \$384.57	1 Northumberland YMCA \$324.50	2 Waterfront Regeneration Trust \$324.50
3 Canadian Diabetes Association \$324.50	4 Society of St. Vincent de Paul \$324.50	5 Northumberland Humane Society \$324.50		AN INCREDIBLE	\$8,281.21 DONATED IN TOTAL	

Every year we give to local charities that are important to us and our community. We are thrilled we have the opportunity to learn more about the charities that are important to you and in turn support them as well.

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, Jeremy Hall's timely book recommendation is *Red Notice: A True Story of High Finance, Murder, and One Man's Fight for Justice* by Bill Browder.

"Riveting book sure to keep you engaged! It's a true story about capitalism in Russia and the struggles of Bill Browder's journey. Western values are challenged at every page, with Vladimir Putin's unwavering commitment to corruption and injustice. Highly recommended, and it's a page turner!"



Here is the link on [Amazon](#). Enjoy the read!



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