

October Market Update 2022

**'Perspective...'**

While this market correction hasn't been deep, particularly for the Canadian side of portfolios, the length of this pullback may be bothersome. That said, corrections or bear markets of this length are completely normal for investors.

Let's look at some dread short-term and then look at history through some visual charts for some banks, tech, stocks and utility stocks – *for perspective.*



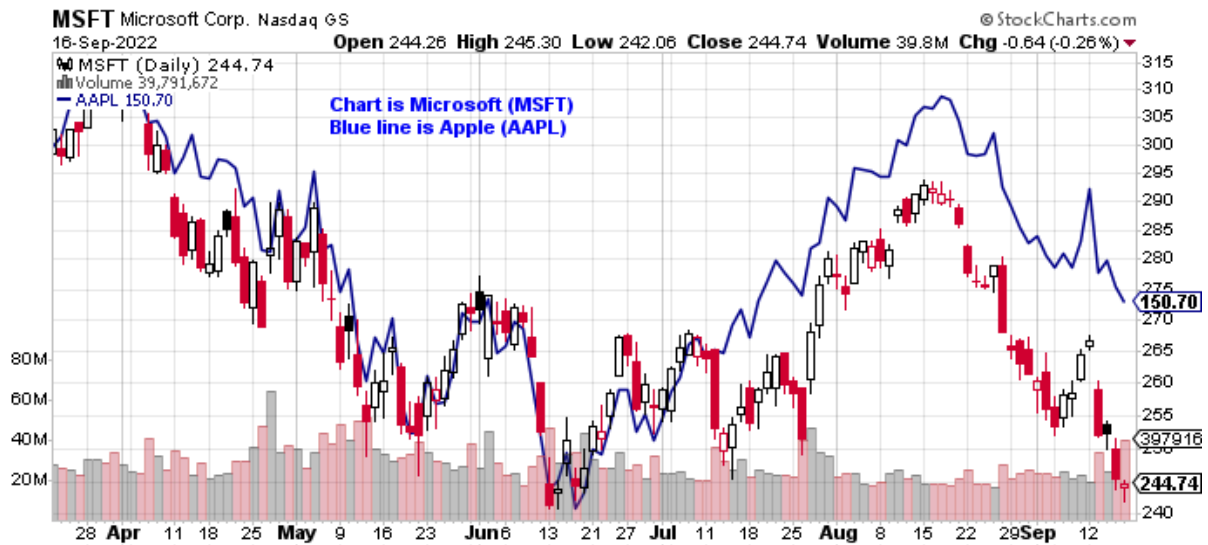
National and Royal Bank so far – current year 2022 (above) and for the past ten years (below).



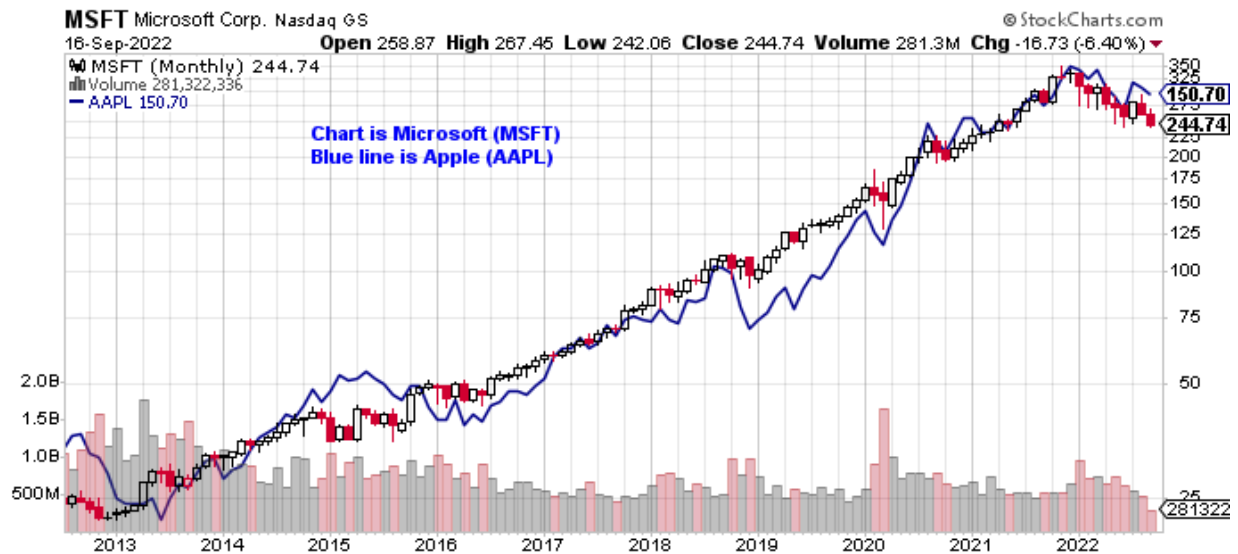
National Bank – Over ten years, the stock has gone from \$24 to \$90.94 (current pullback value). That is an average annual growth of 27.89%, excluding the dividend. The current dividend of \$3.68 equates to a 4.04% yield today. However, if you bought the stock ten years ago at \$24, your current yield would be 15.3%. (\$3.68/\$24).

Most of the banks make about \$1 billion dollars each month. Most raised their dividends again last quarter and all of them pay their owners more than they do depositors.

**Technology** led the market over the previous three years but is the worst performing sector this year.

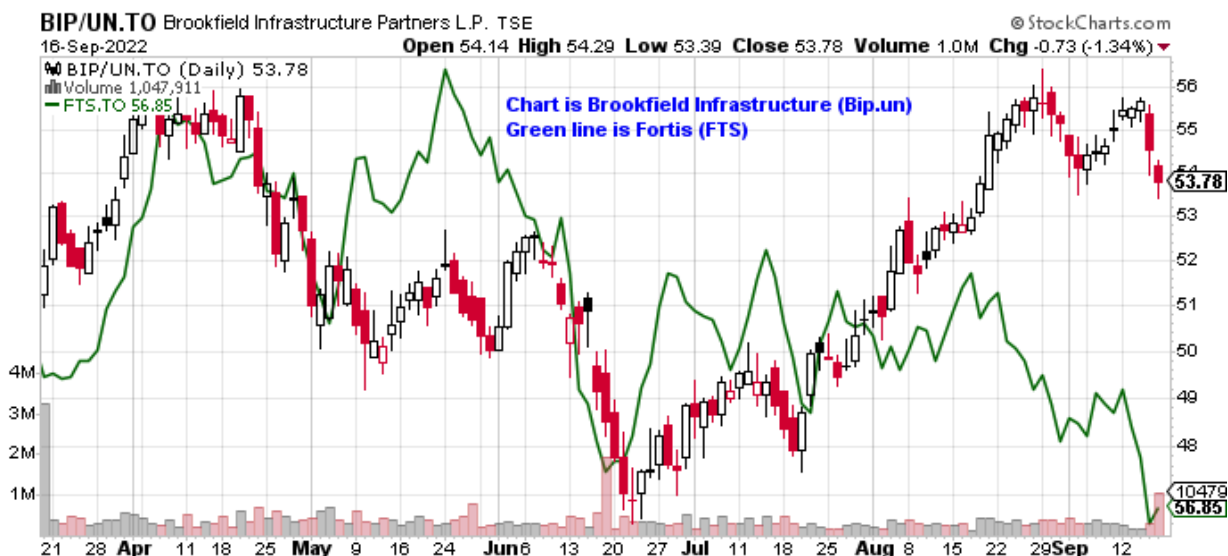


Microsoft and Apple so far— current year 2022 (above) and for the past ten years (below).

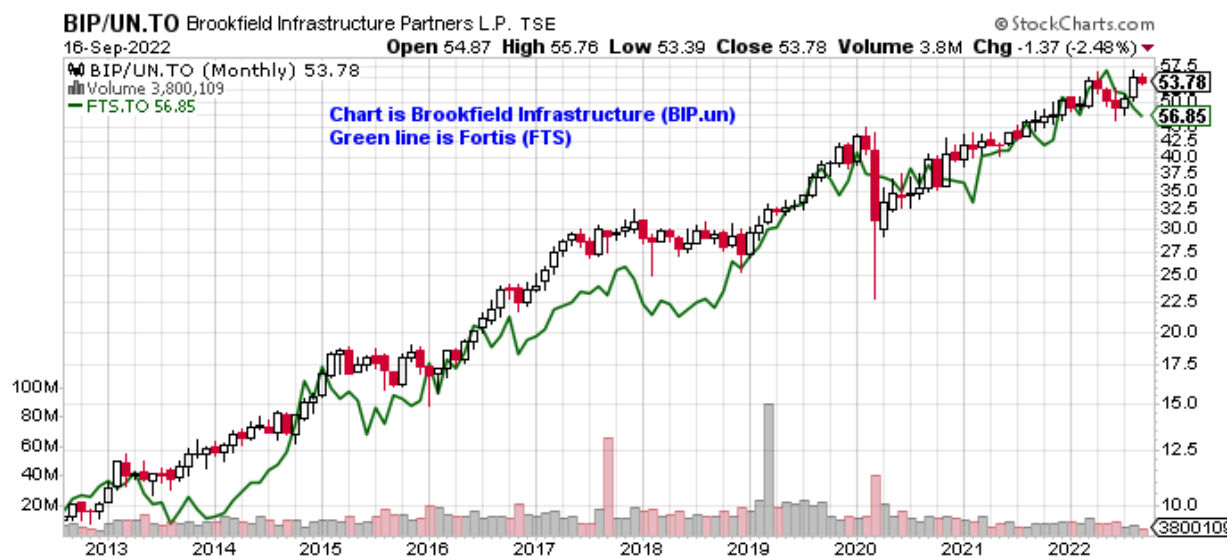


Microsoft - Over ten years, the stock has gone from \$25 to \$244.74 (current pullback value). That is an average annual growth of 87.9%, excluding the dividend. Most growth stocks tend to have low dividends. The current dividend on Microsoft of \$2.48 equates to a 1.01% yield today. As a result, this is a sector where I seek to sell call options to enhance/create income that might not otherwise exist. Further, the call option income is taxed as capital gains and as such creates some downside protection.

**Utilities:**



Brookfield Infrastructure and Fortis so far– current year 2022 (above) and for the past ten years (below).



Brookfield Infrastructure – Over ten years, the stock has gone from \$10 to \$53.78. That is an average annual growth of 43.8%, excluding the dividend. The current dividend of \$1.89 equates to a 3.52% yield today. However, if you bought the stock ten years ago at \$10, your current yield would be 18.9%. (\$1.89/\$10).

Hopefully, the ten-year charts above provide perspective, that nine months can sometimes blur. It is not different this time. The Canadian side of the portfolio provides income and growth where the U.S.

side is more growth oriented. The idea is for the portfolio is to provide income in a bear market while providing both income and growth in a bull market.

**If you have any questions or would like to discuss any aspect of your portfolio or market, my team and I are a phone call away. In addition to our online meetings, we are now hosting client meetings again in our Victoria office by appointment.**

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone and may not reflect the views of National Bank Financial Group. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by the Research Department of National Bank Financial.

Best,

National Bank Financial

Rob Hunter  
Senior Wealth Advisor

Sources: Stockcharts.com, Reuters, Bloomberg, Globe & Mail,

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