

May 2022 Market Update (Part II)

It was only a few months ago that all (or most) was good in the world, and no major issues in the investing environment.

Today, we find ourselves in the midst of a market correction with nowhere to hide – equities, bonds, preferred shares all weaker.

When the markets are going up, everyone is happy and seeing the positives. When the markets are going down, too often we see concern and fear take over.

In a time of a market correction, emotions are not always our friend. From the recent tops of the equities markets through to today, the Toronto 300 Index is down almost 12%; the US S&P500 down almost 20% and the US Nasdaq down over 30%. Often in a time of correction, there is an asset class that goes up or stays flat. Such is not the case now. Bonds and preferred shares are down just as much. Oil and natural gas are amongst the few positive performers.

As we headed in to 2022, the year ahead predictions were positive. Those predictions and forecasts are no longer valid.

The issues confronting the markets are those confronting the world. Russia's attack on the Ukraine, China's severe lockdowns,

and the economic re-opening from the pandemic bring about economic supply disruptions leading to high inflation and rising interest rates.

These are a sampling of the reasons given for the current market correction.

In this unpredictable and uncertain and very volatile investment period, it is very important to maintain a focus on our long term financial goals and objectives.

Investors who deviate from their long term goals and objectives usually regret it later. We have a basic 'fight or flight' instinct when faced with some adversity.

Traders look at the short term (and are getting hurt) while investors keep their eye on the long term and focus on making rational investment decisions.

We are all investors.

As I wrote in March of 2020, we must continue to focus on three factors:

(1) **Perspective** – this correction will end. No one knows the timeline and there is no playbook, but this will get better (2) **Poise** – we need to work through any fear and not allow emotion to make any investment decisions, and (3) **Process** – focus on our long term goals and objectives. If we liked a holding 3 months ago, what would cause us not to like it today? If the dividend/income continues to flow in to our portfolio, then we are being paid to try to be patient. The reward is not recognized until some point in the future when calm and optimism returns.

We will continue to review your long term goals and objectives to ensure that your investments continue to meet your needs and wishes.

The World has changed these past few months and will continue to change – hopefully with more positives. As investors, we will get through this period of uncertainty and market correction. As always, remain optimistic yet cautious.

We will be in touch with you, but you can certainly reach out to us at any time.

Best Regards,
CIBC Wood Gundy



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