

August 2023

McMillan Goode Beer Summer Newsletter



**NATIONAL BANK
FINANCIAL**
WEALTH MANAGEMENT

QUICK TAKES

- 🚩 Markets continue to surprise to the upside as the economy proves resilient
- 🚩 The Bank of Canada resumes interest rate increases in June and July
- 🚩 Learn from Picasso why estate planning is more important than you think
- 🚩 Join us in busting two stubborn stock market myths

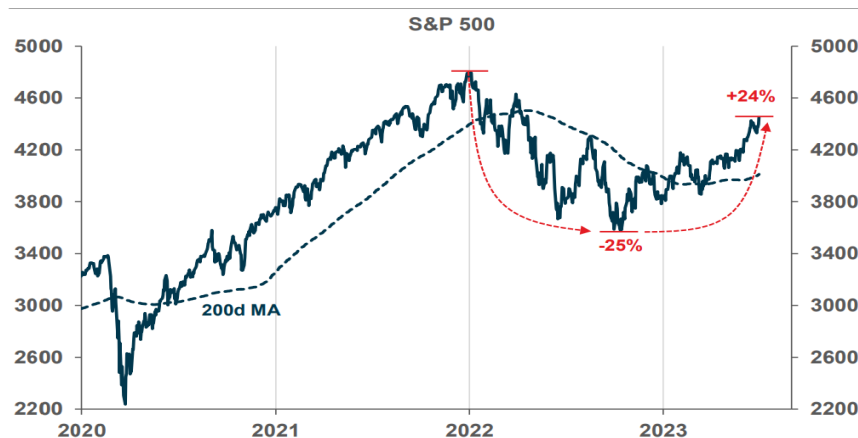
MARKET UPDATE

The stock market rally pushes forward as economic outlook improves and investors feel ready to take on more risk. At the same time, GIC and bond yields continue to climb as the Bank of Canada increases the target interest rate twice in as many months.

The summer started with optimism from investors as the S&P 500 moved up totaling gains of 20% in the first half of the year. We can't deny that this rally sends a powerful signal. Of the last 12 times such a rally has happened since 1960, there has only been three instances where the index has relapsed to new lows (2001, 2002, 2008). This wave of optimism may well continue for a few more months as inflation and wages slow down and manufacturing activity stays strong.

Analysts are generally decreasing the chance that we end up in a recession, citing a strong labor market, slowing inflation, and a resilient consumer.

However, because interest rates have come up so quickly and so significantly, there is still a chance that the economy hasn't seen the full effects of higher rates, all of which work to slow down growth. According to the Bank of Canada, it usually takes between 18 and 24 months to see the full effects of higher rates on the economy and it has been about 21 months since the first rate hike in Canada and the US.



CIO Office (data via Refinitiv).

YOUR WEALTH ADVISORS

Paul McMillan, BA, CIM, FMA

Senior Wealth Advisor & Portfolio Manager
Phone: 604-542-3302
paul.mcmillan@nbc.ca

Caroline Goode, BA, CIM

Senior Wealth Advisor & Portfolio Manager
Phone: 604-542-3306
caroline.goode@nbc.ca

Lois Beer, CIM, FMA, RIAC

Wealth Advisor & Portfolio Manager
Phone: 604-542-3303
lois.beer@nbc.ca



Awards of Excellence 2022
McMillan Goode Beer
Award Winner for Wealth Management

British Columbia

FAMOUS DEATHS INTESTATE: WHY ESTATE PLANNING SHOULDN'T BE IGNORED

We know that you are aware how important it is to plan for the future, but one thing that often slips through the cracks is estate planning. Let us learn from some famous deaths intestate why it is so important to keep your estate plan up to date:

1. Pablo Picasso:

Pablo Picasso died in 1973 at the age of 91, leaving behind a fortune in assets that included artwork, five homes, cash, gold and bonds. Because Picasso died intestate and left no will, it took six years to settle his estate at a cost of \$30 million. His assets were eventually divided up among six heirs.

2. Jimi Hendrix:

Hendrix died in 1970, but the battle over his estate raged on for more than 30 years for one simple reason: Hendrix left no will regarding the distribution of his estate. To complicate matters, the estates of musicians and other artists often continue to generate money long after their deaths.

3. Michael Jackson:

Although a will was later discovered, immediately following Michael Jackson's death in July 2009, his mother filed court papers claiming that Jackson died intestate. Like Hendrix, Michael Jackson's estate continues to generate money. In the year after Jackson's death, his estate generated over \$242 million.

Famous or not, everyone should have a will. It's simple to do, and it saves your family a lot of money and headaches. Connect with us if you would like to book an estate plan review.

- ✓ Draft a will to outline your wishes
- ✓ Leave a legacy
- ✓ Minimize tax liability

EDUCATION CORNER: STOCK MARKET MYTHBUSTERS

Myth:

Selling in times of heightened uncertainty can protect investments from heavy losses.

Reality:

Selling in times of heightened uncertainty is generally the best way to ensure heavy losses, as it often means selling low and missing the rebound.

More importantly, one should keep in mind that the only certainty is that there will always be uncertainty, as uncertainty and volatility is the price to pay for long run capital gains.

And – need we add – it isn't in the media's best interest to report the latest news with nuance and historical perspective; better to let fear and pessimism easily set in.

Myth:

Since the long-term historical average annual return on the stock market is ~10%, investors should expect to see calendar-year returns near 10%.

Reality:

Quite the contrary, it is likely that investors will only rarely see a calendar year where equity returns are close to their long-term historical averages. Case in point: since 1957, only 8 years out of 63 have seen the Canadian stock market generate performance near average (+/- 2%).

As a result, investors should expect a wide range of possible outcomes in any given year; whereas, only the passage of time can lead to an annualized return near the market's long-term average.

CLOSING REMARKS

Thank you for reading our August newsletter! If you would like to review your investment objectives, or discuss new goals or significant life changes, schedule a meeting online by clicking the red button, or by reaching out to us directly.

[SCHEDULE A MEETING](#)

LEGAL DISCLAIMERS

National Bank Financial - Wealth Management (NBFWM) is a division of National Bank Financial Inc. (NBF), as well as a trademark owned by National Bank of Canada (NBC) that is used under license by NBF. NBF is a member of the Investment Industry Regulatory Organization of Canada (IIROC) and the Canadian Investor Protection Fund (CIPF), and is a wholly-owned subsidiary of NBC, a public company listed on the Toronto Stock Exchange (TSX: NA).

I have prepared this report to the best of my judgment and professional experience to give you my thoughts on various financial aspects and considerations. The opinions expressed represent solely my informed opinions and may not reflect the views of NBF.

The particulars contained herein were obtained from sources we believe to be reliable, but are not guaranteed by us and may be incomplete. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or offer to buy or sell the securities mentioned herein. The opinions expressed do not necessarily reflect those of NBF.

The securities or sectors mentioned in this letter are not suitable for all types of investors and should not be considered as recommendations. Please consult your Wealth Advisor to verify whether the security or sector is suitable for you and to obtain complete information, including the main risk factors. Some of the securities or sectors mentioned may not be followed by the analysts of NBF.