

THE CAMPBELL CHRONICLES

A MONTHLY NEWSLETTER FROM
THE CAMPBELL WEALTH MANAGEMENT GROUP



THIS MONTH'S NEWS AND UPDATES:

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- **Budget Update**
- **Campbell's in the Community**
- **A Quick History Lesson**
- **Question of the Month**

The Campbell 
Wealth Management Group
BMO Nesbitt Burns

FROM THE HOME OFFICE

Happy Canada Day!

2022 is at the half way point, and hopefully the markets treat the second half of the year better than the first. As I write this edition, there hasn't been many bright spots on the investing frontier so far this year. The S&P TSX is the only major index in North America that is not down double digits, although it's very close at -9.25%. Bonds, the Dow Jones, S&P 500 and the Nasdaq are all off anywhere from 13% to 26%. When you factor in current inflation numbers, even Cash has lost purchasing power this year. Inside, I have some comments from our CIO, Brian Belski, on his thoughts for the remainder of 2022. Speaking of Brian Belski, on page 2 there is a picture of us outside of First Canadian Place in Toronto where we travelled for the first in person conference in over two years to meet with not only Brian, but a number of institutional portfolio managers and analysts. It was great to get out as a team, and to gain some insight into the current market environment and hear some of their expectations for the next few quarters regarding inflation, oil, currency, real estate and many other topics.

I hope you enjoy the content in this edition, and wish you all a safe and happy start to the summer season.

MARKET UPDATE

As previously mentioned, we were in Toronto for a conference where Brian Belski was the key note speaker. For those of you that follow Brian, you are already aware, he is not afraid to make bold predictions, you always know where he stands, and more often than not, he is correct. He did admit that inflation is sticking around longer than he expected, and central banks have increased rates quicker and higher than expected. Even with that as the back-drop, he still believes the markets will rally into the final half of the year. For a number of years Brian has put out year end stock market predictions, and often is very close to where the indexes actually end up. For 2022 he believes the TSX will finish the year at 24,000 (currently sitting just over 19,000) and the S&P 500 will finish the year at 4,800 (currently just over 3,800). That represents approximately a 26% gain from current levels, and would bring both back to positive territory for the year.

BUDGET UPDATE

Earlier this month, Bill C-19, which includes some measures from the 2022 Federal Budget received Royal Assent formally enacting these bills into law. Some of the key measures include:

- a two year ban on foreign investment in Canadian housing, effective Jan 1, 2023
- doubling the maximum amount of the Home Accessibility Tax Credit to \$20,000 to help seniors and persons with disabilities make home improvements
- introduction of a luxury tax on the sale of new cars and aircrafts with a sale price over \$100,000, and on new boats and yachts over \$250,000
- first steps towards the implementation of a publicly accessible beneficial ownership registry of Federally incorporated corporations to help counter illegal activities, including money laundering, corruption and tax evasion
- expanding the Disability Tax Credit criteria for the mental functions impairment eligibility, as well as the life-sustaining therapy category eligibility

It's worth noting that many of the other key measures from Budget 2022 were NOT included, one specific being the introduction of the Tax Free First Home Savings Account which is expected to be available in 2023.

CAMPBELL'S IN THE COMMUNITY

As COVID has been subsiding, it's been nice to get back to some in person events, and a small feeling of normalcy. I mentioned earlier the team was in Toronto for an in person conference, and below is a snapshot of Dave, Jodie and myself in front of First Canadian Place in the financial district. The middle picture was Jodie and I in front of the Grand Theatre in London before we attended The Grand Gala, the theatre's annual fund raising dinner. The event raised over a quarter of a million dollars and allowed me the opportunity to acquire a Walk On Role in their Christmas play, which this year will be "Elf". For those interested in attending, I will let you know the date of my acting debut! Lastly, the picture on the right is Dima & Katya. They are a young couple that fled the Ukraine, and are currently staying with friends of ours in London, ON. They are expecting their first child later this summer, and the friends hosted a baby shower for them. This picture captures the moment the gender reveal let them know they would be having a little girl. I can honestly say, that I do not believe I have ever seen someone so happy. The absolute joy on their faces, the excitement for what is to come as they enter parenthood and all this while being surrounded by people they have only recently met in a country they never imagined even visiting, yet now they call home. In a world with no shortage of bad news, this was an event I will never forget.



A QUICK HISTORY LESSON

A staple at the bottom of every marketing piece for an investment product reads along the lines, "Past performance is not indicative of future returns..." and it continues on with much legalese. I bring this up as we are on pace for the worst start to a calendar year for the S&P 500 since 1970. So, will the downward trend continue? Well, fear can certainly consume one's self belief, and a quick google search with the right words may convince even the most optimistic person the sky is falling. Historical data shows us that over the past number of years, whenever the S&P 500 was down 15% or more in the first half of the year, the second half has been positive, with an average return over the second half of the year of 24%. This ironically lines up almost exactly where Brian Belski sees the North American markets finishing 2022. By no way am I predicting or saying the markets will do that, but what I do believe is it's dangerous to extrapolate from market highs as much as it is to do so from market lows. For all those google searches that returned articles with the "R" word (recession), maybe they are right, maybe that aren't. Because a recession is backwards looking, most times we don't know they happened until they are over, and many times by then, we have already experienced a significant recovery in the markets. So, back to the quote at the top, although past performance is not indicative of future returns, we've seen volatility in the past, and will continue to see it in the future. We are always looking to position the portfolio to align with your goals and objectives, and that couldn't be anymore true during these periods.

QUESTION OF THE MONTH

With the markets being so volatile, you must be really busy these days?

Whether in a meeting, or just in social circles, this is by far and away the question I have been asked the most over the last 2-3 months. It's been said already a few times in this newsletter all major indexes are down double digits year to date. Cash is losing purchasing power due to the highest inflation number we have seen in over 40 years, yet for the most part, the calls of concern have been few and far between. We've been busy in meetings, constantly re-evaluating the holdings in the portfolio and always looking for opportunities. For those of you that are retired, you understand the portfolio's have been constructed to produce the income necessary for your day to day living. I am typically not needing to sell during adverse times to cover your expenses, and you understand the plan. For those of you still working and saving, it allows entry into positions that are now on sale, so the constant investing works to your advantage. We want you to know, we are here, and happy to meet or talk anytime if you do have concerns, but as we close in on the half way point of a tough year thus far, please give yourself a pat on the back for trusting in the plan, the system and the broader markets that this too shall pass.

Again, Happy Canada Day, I hope you are able to spend time with the ones you love.

Have a question you would like addressed in a future letter? Send me a note: jamie.campbell@nbpcd.com



Private Wealth

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