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BMO Nesbitt Burns

November 2021 Monthly Summary

As winter approaches, and life in Canada becomes much more flexible, we continue to hope for good health for you and your family. For the first time in almost two years, the Canada-US border will be open for snowbirds, and the travel and restaurant industries look to be poised for the beginning of a recovery. We remain hopeful that anyone wishing to be vaccinated will have access in the foreseeable future.

In this summary we provide two articles - building a legacy and saving taxes while donating securities. We also, provide a brief summary of the markets during October 2021.

Lasting Wealth Legacy

The article, [*Building a Lasting Wealth Legacy*](#) focuses on fundamental principles to consider in preparing the next generation for managing the family wealth successfully; including a roadmap that outlines considerations to help build a lasting wealth legacy.

Donating Appreciated Securities

By donating appreciated securities directly to a charity, instead of making a cash donation, you have an opportunity to reduce the tax you would otherwise pay on the sale of these investments. The article, [*Donating Appreciated Securities*](#), provides details of this strategy and how the taxable capital gain realized on a donated publicly-traded security can be eliminated.

Market summary for October 2021

Resilient Stock Market Continues to Climb the Wall of Worry

US stocks posted their strongest monthly gain since November 2020 with the S&P 500 index rebounding 6.9% in October, more than erasing its September loss, and subsequently recording five new all-time highs in the process. Resiliency has been the key word for the market over the past month, in our view. Despite US stocks largely moving lower through most of September and into early October amid numerous concerns relating to supply chain constraints, inflation, monetary/fiscal policy, and peak growth to name a few, the market managed to climb the wall of worry on its way to the 59th high of 2021 by the end of October.¹

Stellar Q3 Earnings Results Help Lift US Stocks

With Q3 earnings season in full swing, quarterly results for S&P 500 companies are once again exceeding expectations, albeit not quite matching the record levels seen in recent periods. Of the 82% of the index that has reported thus far, 82% have beaten consensus EPS forecasts with aggregate surprise coming in at 10.2%, well above the five-year average beat and surprise rates. Current Q3 estimates are now indicating y/y EPS growth of 38.4% for the S&P 500, which would mark the third highest growth rate since 2010 and a notable uptick from the 27.1% clip expected at the end of September.²

October Rebound Did Not Disappoint in Canada

After the more cautious tone set in September, the October rebound did not disappoint with the S&P/TSX gaining a solid 4.8% on a price return basis. While the surge in Energy stocks played a significant role in this rebound, the gains were broad based as Industrial, Real Estate, Materials, Financials, and Technology all posting solid gains. Fundamentals clearly remain on the mend with third quarter earnings season already seeing many positive earnings surprises and corporate actions.³

As always, if you have any questions regarding this summary or your investment portfolio, please call us.

Sincerely,

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(1), (2), (3) BMO Capital Markets

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