



November 2020 Monthly Summary

We continue to hope that you and your family are well.

In this summary we provide an overview of the estate planning benefits of testamentary trusts for spouses and children. Also, the U.S. election has created additional uncertainty in the markets, and we provide a brief overview of the markets during the past month.

Estate Planning for Spouses and Children Using Testamentary Trusts

A testamentary trust provides an effective means of transferring and holding property for your spouse (whether married or common-law partner), or children under the terms of your Will. When structured properly, they can provide protection from creditors, guide the management and use of your wealth after death and serve as a strategy to minimize or defer various taxes.

The article, [Estate Planning for Spouses and Children Using Testamentary Trusts](#), outlines the use of testamentary trusts for the benefit of your surviving spouse, as well as for children and grandchildren.

November Monthly Recap: Dow Records Worst Month Since March as Covid Cases Skyrocket

Wall Street and European stocks experienced a sharp correction in October, as volatile corporate earnings and a resurgence in Covid-19 cases weighed on risk appetite. In the process, the Dow Jones Industrial Average recorded its biggest monthly drop since March.¹

North American Stocks Decline

All of Wall Street's major indexes ended the month in negative territory. The Dow lost 4.3% in October. The large-cap S&P 500 Index fell 2.3% and the Nasdaq Composite Index finished 1.5% lower. Canada's benchmark S&P/TSX Composite Index ended the month down 3.8%, pulling it back into the red for 2020.

The CBOE Volatility Index, commonly known as the VIX, rose above 40 in the final week of October for the first time in over four months.² The so-called "fear index" trades on a scale of 1-100, with 20



representing the historical average. A higher VIX reading indicates bearish sentiment in U.S. stocks over the next 30 days.

Another Bearish Month for Europe

European markets experienced more severe declines in October, as rising virus cases across EU member states weighed down investor sentiment. The Eurozone Euro Stoxx 50 Pr fell 7.3% during the month. National benchmarks also declined sharply, with the United Kingdom's FTSE 100 Index falling 5.5%, Germany's DAX declining 8.9% and France's CAC Index finishing down 4.8%.

GDP Data Bounces Back

Following historic second-quarter declines in GDP, the United States and Europe posted strong rallies between July and September. The U.S. economy grew at a record 33.1% annual rate in the quarter. Compared with Q2, the world's largest economy expanded 7.4%, official data showed.³ The Eurozone economy also rebounded more than expected, growing 12.7% in the third quarter. France's GDP expanded 18.2%, while Germany posted an increase of 8.2%.⁴

Covid-19 Infections Rise

In October, daily new cases of Covid-19 reached new all-time highs in the United States, Canada, and several European countries, prompting several jurisdictions to roll back their reopening plans. France, Germany and the United Kingdom have imposed new lockdown measures to contain the spread of the disease.

By the end of October, nearly 46 million cases of Covid-19 had been confirmed worldwide, according to data from Johns Hopkins University. The United States had the highest caseload at over 9.1 million, followed by India (8.1 million) and Brazil (5.5 million). A total of nine countries reported more than 1 million cases.⁵

The impact of Covid-19 on the global economy is expected to be felt for many years to come. Last month, the International Monetary Fund downgraded its global growth forecasts for 2021 due to a "long, uneven, and highly uncertain" recovery.⁶

Looking Ahead

Economic data, politics and Covid-19 will continue to preoccupy investors' attention in November. A political deadlock in the United States around a second round of fiscal stimulus continues to be a major source of concern. Policymakers, central bankers and investors are calling on Congress to pass additional relief measures amid the pandemic.

Please contact us if you have any questions regarding this summary, or if you have any questions regarding your estate plan or investment portfolio.



Sincerely,

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¹ Stephen Gandel (October 30, 2020). "October was worst month for the Dow since March as coronavirus was spreading." CBS News.
² Joanna Ossinger (October 29, 2020). "VIX Surge to Four-Month High Draws Bets It's Destined to Fall." BNN Bloomberg.
³ Annekan Tappe (October 29, 2020). "US economy grew a record 33.1% annual rate last quarter but the pandemic remains an enormous threat." CNN Business.
⁴ Silvia Amaro (October 30, 2020). "Euro zone GDP beats forecasts for the third quarter, but new lockdowns threaten recovery." CNBC.
⁵ Johns Hopkins University. COVID-19 Dashboard by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU).
⁶ Julia Horowitz (October 13, 2020). "IMF cuts its global economic forecasts for 2021 and warns of 'long, uneven' recovery." CNN Business.

