

How to Survive Volatility in the Markets



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Introduction

Almost all investors are more focused on what will happen in the future. However, I believe it is worthwhile to take a closer look at the 2020-2022 market environment in order to make more sense of what's to come.

First, it's important to note that March 2020 was the most volatile month since the Great Depression. Many stocks fell more than 50 percent during the Corona Crash, increased 4-5x, then fell 70-90 percent from those heights. Tech stocks seemed like they were untouchable – now, people are steering clear. At one point, Crypto appeared to be poised to gain control of the financial support – now, it barely holds sustenance. The housing market soared—now, mortgage rates continue to rise and the ratio of sales to new listings fell to a three-year low. Commodity markets were under tremendous pressure as they experienced one of the largest supply shocks in decades because of the war in Ukraine. Stocks and bonds simultaneously entered bear market territory.

While almost nothing feels safe, it is safe to say that the 2020-2022 market hit many extremes as inflation continues to be the country's biggest concern.

So, where do we go from here?

Everything is cyclical

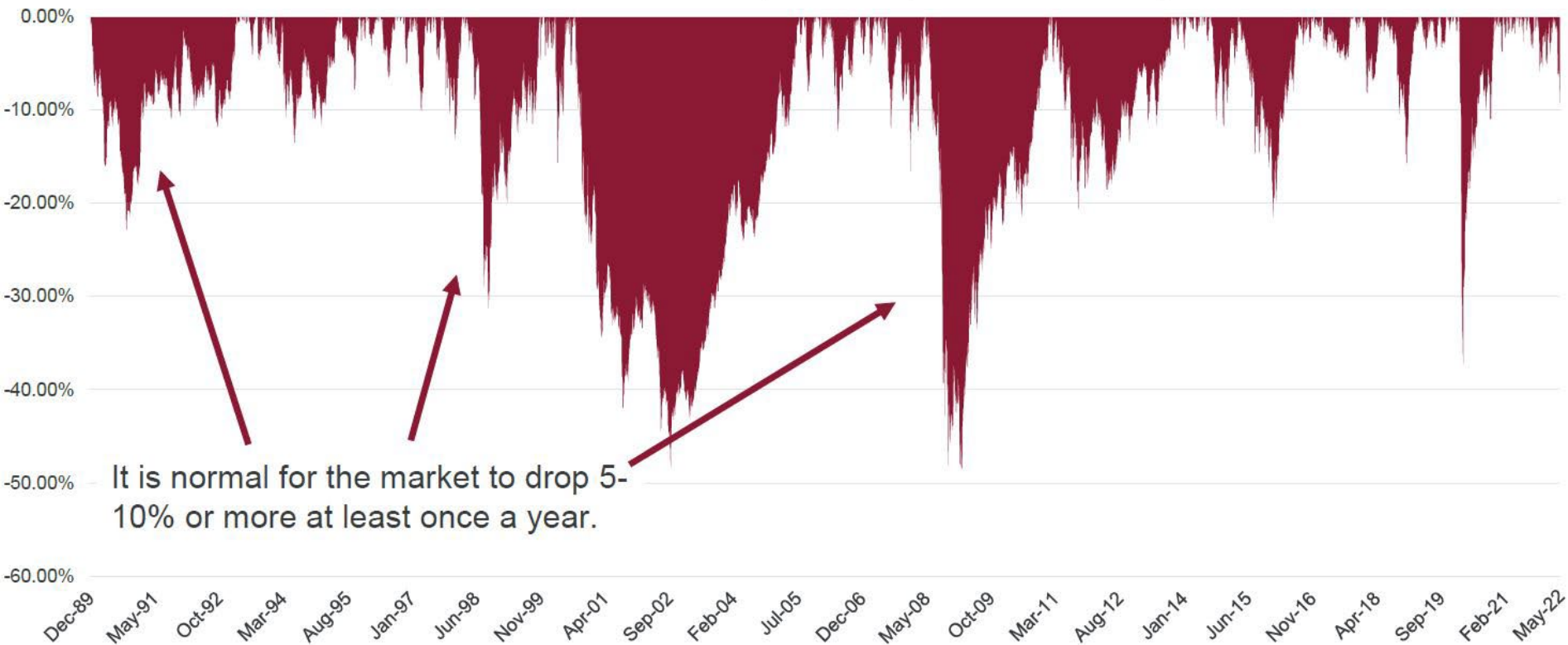
It's too easy to forget that when investing, nothing always works every time in financial markets.

What I mean by that is every strategy, asset class, and sector experiences rough patches at some point. For example, in April 2020, the price of oil plummeted to the negatives. Five years leading up to that, energy stocks as a group were down 50 percent. However, in those same years, the S&P 500 was up more than 50 percent and the Nasdaq 100 had risen as well – to more than 100 percent. Since oil prices hit the negatives in April 2020, energy stocks were up almost 150 percent.



Stock Market Volatility and Downside is Expected and Normal

Stock Market Declines Happen Frequently
- Market Declines from Recent Peak (S&P/TSX Composite Total Returns Index) -



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Celebrities and billionaires

Avoid taking financial advice from celebrities and billionaires. It's painfully obvious we are immersed in meme culture, where so-called "influencers" have a large impact on people's choices.

The reality is we had billionaires promoting fake meme coins, trying to make it a form of payment. Remember NFTs? Celebrities pushed these and new cryptocurrencies all over their social media platforms. I am not bashing NFTs and cryptocurrencies—I am simply stating that these are inherently wild because the fluctuations largely depend on trends and hype. Celebrities and billionaires are already extremely wealthy—if they offer financial advice and they're right, they will be looked at with pure admiration. If they're wrong, they're still wealthy. And guess what? They don't care about you anyway. Unfortunately, many investors will follow their guidance based solely on name recognition and/or the number of followers they have.

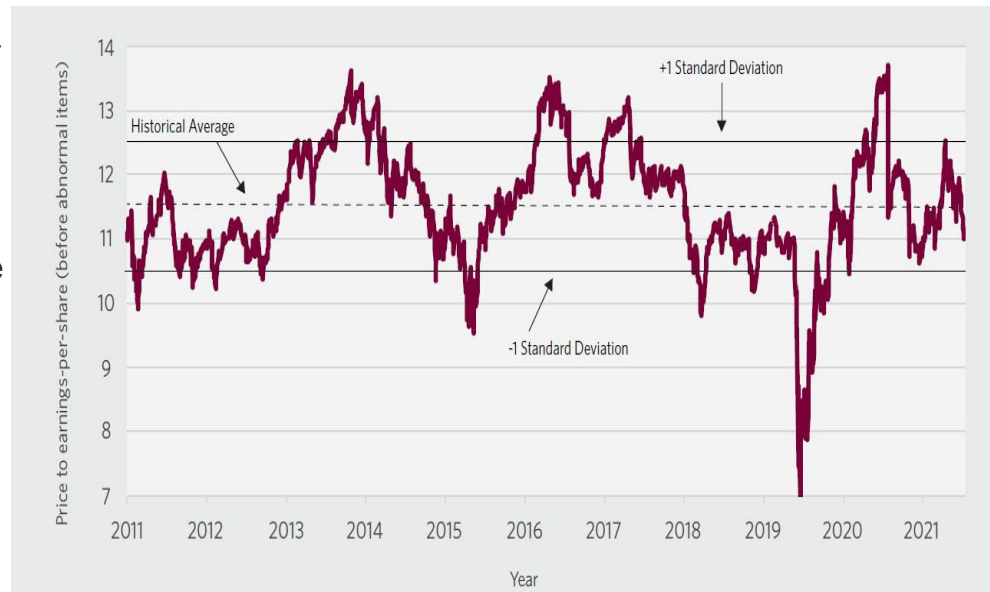


Long term value

Dealing with volatility is not for the faint of heart – that being said, it is easier said than done to avoid obsessing over short-term fluctuations. However, one of the key strategies to survive a bear market is to find companies with strong balance sheets and consistent earnings.

The short-term fluctuations typically do not affect the long-term value of the company. Periods of volatility can actually be an ideal time to buy if you believe a company has value and can weather the storm for the long term. For instance, Canadian bank stocks may be volatile in the short term, but we continue to have confidence in the sector. Strong loan growth and credit conditions, an expanding net interest margin (NIM), and excess capital, all contribute to an attractive risk-reward profile for the sector.

Overall, banks are attractively priced because a valuation for the sector is in-line with its historical average, which is represented by the ratio of Price to Earnings-per-Share of the S&P/TSX Composite Bank Index. A portfolio that includes structured solutions linked to strong performers like Canadian banks can provide downside protection.



Source: Bloomberg® LP, as at April 19, 2022

Surviving down markets

Investment plans need to survive down markets. Every successful investment plan requires durability, common sense, and diversification without disengagement.

I have been through several cycles and have navigated many turbulent waters with my clients over the years. What investors need during volatile times is a fully customized pension-style portfolio with a specialty in structured solutions and alternatives. Our top performing team, high standards of service, and decades of valuable experience have effective hedging strategies in place to help our clients weather the storm. Rooted in partnership, The Ruppert Team leverages an integrated solution to protect you and your assets.

Call our office today and set up a discovery meeting so you can learn more about how we can help you survive in down markets.

Roy Ruppert, FCSI, CIM
Senior Wealth Advisor
Portfolio Manager
(905) 272-6000
roy.ruppert@cibc.ca



As Senior Wealth Advisor and Portfolio Manager, Roy has successfully led The Ruppert Team ensuring his clients receive elite portfolio construction as well as tax minimization and estate planning strategies.

Roy has been in this industry for over 35 years with more than 25 years of experience as a manager. He possesses extensive wealth management and investment knowledge, along with a considerable amount of insight on business operations.

When Roy is not working, he loves spending time with his family.

Meet the Ruppert Team



George Anthony, CFP, CIM, RRC
Associate Wealth Advisor

As Associate Investment Advisor, George believes that a key part of his role is to provide clients and their family with excellent service. George starts by understanding the financial goals of his clients, allowing him to develop customized investment plans and effective strategies to help them achieve their financial goals. George enjoys cycling, playing soccer, and spending time with his family.



Lorna Quinn
Administrative Assistant

As the administrative assistant, Lorna works closely with the team to organize material for client presentations, generate reports, maintain documentation, and coordinate meetings. With over a decade of copywriting experience, Lorna also manages social media accounts, crafts white papers, sends correspondence to clients, and maintains the team's website. As a former teacher, she also edits financial copy to ensure it is more accessible to learn and understand.



Lana Anguelova
Financial Associate

Lana is an IIROC Registrant with over 16 years of investment experience. She is responsible for all aspects of client service such as account openings and documentation, client correspondence and trading for The Ruppert Team. This includes the provision of investment information, taking buy/sell orders, and responding to account inquiries. Lana was born in Bulgaria and moved to Canada in 1999. She speaks Bulgarian as a second language and is also a wife and mother to twin boys.



Diana Younan
Administrative Assistant

Diana has been with CIBC for 15 years working in several roles including assistant branch manager, financial service associate, and most recently, a private banking associate. With extensive experience, Diana provides our clients with outstanding customer service. As a graduate from Ryerson University's Retail and Service Management Program, she understands the importance of interpersonal skills which she brings to our valued clients. Diana was born in Qatar and speaks Arabic as a second language. When Diana is not working, she enjoys cooking, baking, and spending time with her family and friends.

Our Team of Experts



Michael Lee

B. Comm., CFP

Senior Private Banking Advisor



Indra Bharat

CFP, CIWM, FCSI, FMA

Wealth Strategist



Adeeba Shaikh

B. Comm, CFP, CIM

Financial Planning Specialist



Manjit Dhir

BA, CFP, CLU, CHS

Estate Planning Specialist



Manuel Rebelo

CPCA, TEP

Director, Trust and Estate



Marilyn Andrade

B. Comm., BA

Trust and Estate Consultant



Contact Us



Address

1 City Centre Drive
Suite 1100
Mississauga, ON L5B 1M2

Telephone number: (905) 272-6000

Toll-Free: 1 (800) 469-2583

Fax: (905) 272-3733



www.ruppertteam.com

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Roy Ruppert is a Senior Wealth Advisor with CIBC Wood Gundy in Mississauga, Ontario. He and his clients may own securities mentioned in this column. The views of Roy Ruppert do not necessarily reflect those of CIBC World Markets Inc. George Anthony is an Associate Investment Advisor working with Roy Ruppert, Senior Wealth Advisor. “CIBC Private Wealth Management” is a registered trademark of CIBC, used under license. “Wood Gundy” is a registered trademark of CIBC World Markets Inc. If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor.

