



GREEN PRIVATE WEALTH

HARBOURFRONT WEALTH MANAGEMENT

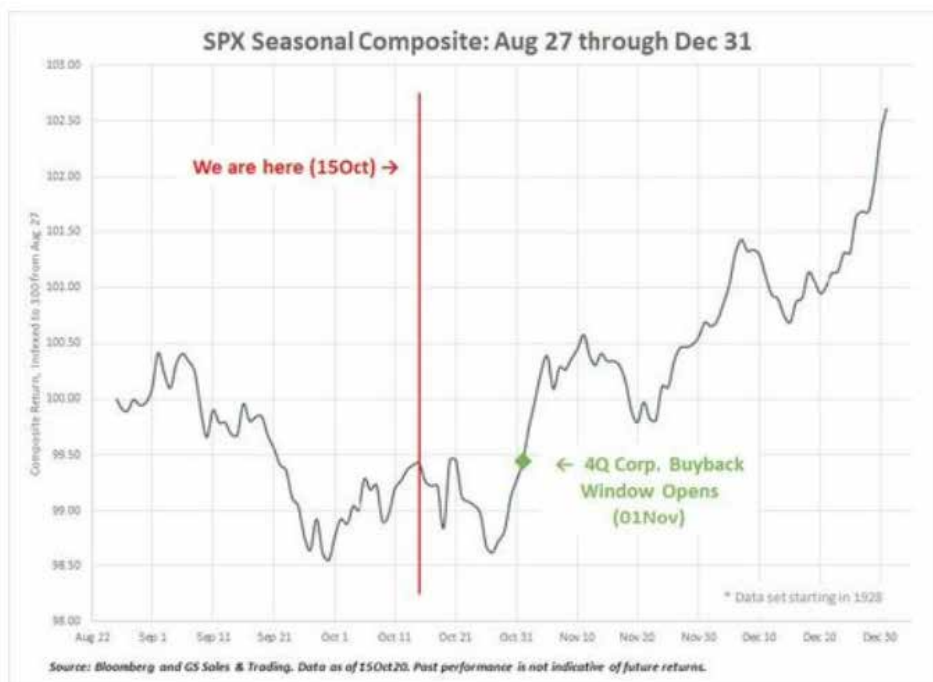
Green Private Wealth of Harbourfront Wealth Management is a discretionary portfolio management group focused on helping investors achieve their goals through building wealth and managing their risks.

Month in Review - October 2021

Global stock markets had a sharp rebound in October, after selling off in September, with the TSX Composite rising 5.0% and the S&P500 (in CAD) rising 4.5%. The Canadian Bond Universe continued to descend, falling another 1.2%, with the Index now down 5.2% YTD. As highlighted many times, with interest rates so low, holding bonds in portfolios continues to be challenging and detrimental to traditional balanced portfolios that have 40% of the portfolio allocated to bonds for safety.

Markets

Markets bottomed on the second trading day of the month and then took off, with both the S&P500 and TSX Composite making new all-time highs. Strong bank earnings in the US appeared to lead the indices higher along with persistent inflation, taking commodity-linked sectors higher (energy & materials). Further supporting markets is the seasonal bias, with October to May historically being the strongest time of the year for equity markets:



Assisting the seasonal effect, are increased announcements by companies to buy back their shares with excess earnings. When companies announce earnings, they have a three-week period where they can't trade their own shares. With the large portion of companies reporting Q3 earnings in October, the window to start buying back the shares opens in November, as shown above in green font. Stock buybacks have a few positive results on stocks:

1. Increases the demand for the stock, thereby driving the price higher.
2. Reduces the amount of shares, making existing shares more valuable.
3. Assuming profit stays the same, with less shares available, the earnings per share then becomes more valuable, which can also drive the price higher.

On the flip side, the US Federal Reserve (FED) confirmed this week that they will move ahead with a reduction in their bond purchases but left open the option to change direction if needed based on "changes in economic outlook". This could result in increased volatility in the 2nd quarter next year as markets attempt to stand on their own without central bank support. We will be monitoring market reaction and closely watching our technical charts.

With seasonality in the market's favor and central bank liquidity remaining abundant and on a technical basis we continue to see the market favouring stocks. Bond holdings remain minimal and only held in the most conservative portfolios with private debt and private real estate favored for the safety portion of your portfolios. The portfolios remain balanced, protecting well on the downside, which we saw in September, while also participating in equity growth.

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