

The markets have passed the three-quarter pole and are now in the final drive for home for 2022. Past October market precedents include the Great Wall Street Crash of 1929 (also known as Black Thursday) and Black Monday of 1987. Naturally, these linger on investors' minds every October, leaving little wonder that it's not much difficult to read investment news and be bearish for the month. Certainly, scavenging through the media this past month, stories abound with heightened concerns for the investing future. Here's a sampling:

1. Most Powerful Buyers in Treasuries Are All Bailing at Once – Bloomberg (10/10/22) <sup>(1)</sup>
2. BRICS to expand soon, Saudi Arabia keen to join – The Financial Express (10/25/22) <sup>(2)</sup>
3. Credit Suisse to cut 9,000 jobs and seek billions in new investment – The Guardian (10/27/22) <sup>(3)</sup>

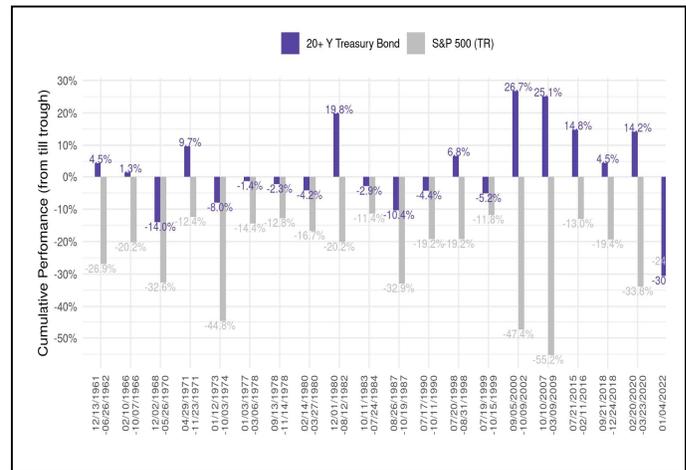
By this point, you're preparing for a sea of red ink in "The Month in Numbers" on the last page. And yet, this year's October clocked out mostly on the green side of the ledger. How can this be?

And it's all the more astounding given some Wall Street darlings hit rough stock price waters after announcing their quarterly earnings. For example, Meta Platforms (formerly known as Facebook), shed around 25% in one fell swoop, while Amazon.com wasn't half as bad on its earnings, down around 12.5%.

Not all was gloomy though. Some stocks had a tremendous month. As a sampling, Chevron launched over 21% while Caterpillar added almost 30% to its stock value in October. This helps explain the exemplary month marked by the Dow Jones, having climbed 13.5%.

Also encountered was this interesting gem about the "60/40 Portfolio", which is regularly much praised Wall Street and Bay Street. The investment theory touted by many investment professionals suggests your best "bet" is to align your investment portfolio with 60% equity investments (stocks) and 40% fixed income investments (bonds). The idea is that they counterbalance each other, especially when stocks "go down". <sup>(4)</sup>

According to the chart, which studied a portfolio allocating 40% in 20+ Year Treasury Bonds and 60% in the S&P500 since the early 1960's, one can see as stocks hit rough patches, the bonds swooped in to reduce the swelling, stabilizing an investor's portfolio and reducing the investor's financial pain.



Now shift your gaze to the far right, which represents 2022 through 10.5 months worth of market action. Not only is the stock component bleeding out more than 20%, the portfolio's bonds stabilizer has blown an even larger hole in its hull, taking more than 30% on the chin. In other words, the stabilizer is compounding the pain, not reducing or eliminating it. Granted, this is a very small sample size focused on allocations limiting several factors (such as investment geography), one can't help but wonder if this is shifting investment paradigm we're in the middle of? Or is this a mere "one off" situation?

At Pinnacle Sovereign Investments of ACPI, we take a unique approach to managing investment portfolios by considering opportunities ignored by most advisors. Let's have an informal talk to see how we may be able to bring more stability and growth to your investments.

All My Best,

**Adrian Harasymiw**  
 Investment Advisor

1. <https://www.bloomberg.com/news/articles/2022-10-10/the-most-powerful-buyers-in-treasuries-are-all-bailing-at-once>  
 2. <https://www.msn.com/en-in/news/other/brics-to-expand-soon-saudi-arabia-keen-to-join/ar-AA13IKL4>  
 3. <https://www.theguardian.com/business/2022/oct/27/credit-suisse-to-cut-9000-jobs-and-seek-billions-in-new-investment>  
 4. [https://twitter.com/leadlagreport/status/1581251807765938177?s=20&t=ZWA68\\_fbUDz3-uRvV1LGZQ](https://twitter.com/leadlagreport/status/1581251807765938177?s=20&t=ZWA68_fbUDz3-uRvV1LGZQ)

**A Poignant Reminder**  
 "An investor without investment objectives is like a traveler without a destination."  
 ~ Ralph Seger

<u>10-Year Bond Yields</u>	<u>October 2022</u>	<u>September 2022</u>	<u>Quarter 3 2022</u>	<u>Year-to-Date 2022</u>
Canada	2.88%	1.40%	2.88%	130.25%
U.S.	6.37%	19.73%	6.37%	168.25%
Switzerland	-8.78%	40.86%	-8.78%	757.58%
Japan	-3.63%	3.43%	-3.63%	187.95%

<u>Major Stock Indices</u>	<u>October 2022</u>	<u>September 2022</u>	<u>Quarter 3 2022</u>	<u>Year-to-Date 2022</u>
S&P/TSX (Canada)	4.32%	-3.83%	4.32%	-8.95%
DOW (U.S.)	13.51%	-8.68%	13.51%	-10.06%
S&P 500 (U.S.)	6.85%	-8.92%	6.85%	-19.01%
Nasdaq (U.S.)	3.09%	-9.67%	3.09%	-30.16%
NYSE (U.S.)	9.82%	-8.06%	9.82%	-13.80%
FTSE 100 (U.K.)	2.91%	-5.36%	2.91%	-3.93%
Euro Stoxx 50 (EUR)	9.32%	-5.59%	9.32%	-15.95%
Nikkei 225 (Japan)	7.15%	-6.69%	7.15%	-5.19%
Shanghai (China)	-4.41%	-5.39%	-4.41%	-20.71%

<u>Major Commodities</u>	<u>September 2022</u>	<u>September 2022</u>	<u>Quarter 3 2022</u>	<u>Year-to-Date 2022</u>
Gold (USD)	-3.17%	-3.17%	-7.64%	-8.84%
Silver (USD)	7.34%	7.34%	-5.83%	-18.72%
WTI Crude Oil	-10.23%	-10.23%	-24.77%	5.35%
Brent Oil	-8.86%	-8.86%	-21.66%	9.54%
Natural Gas	-25.26%	-25.26%	20.88%	84.39%
Uranium	-8.58%	-8.58%	-4.39%	11.36%
Wheat	11.55%	11.55%	3.62%	19.55%
Cotton	-24.46%	-24.46%	-13.77%	-21.69%

<u>Other</u>	<u>September 2022</u>	<u>September 2022</u>	<u>Quarter 3 2022</u>	<u>Year-to-Date 2022</u>
CAD/USD	-4.97%	-4.97%	-6.91%	-8.64%
Bitcoin	-3.13%	-3.13%	-2.53%	-57.97%
VIX	17.63%	17.63%	7.08%	79.66%

Market numbers sourced from [ca.investing.com](http://ca.investing.com)

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