



WEEKEND READING

Shedding the light on what's happening - our world - our finances - our times

Glee and Gloom. Read the Headlines from 5 feet back

Respecting the summer months, we're putting out a shortened version of this week's comment. No test this week.

When I entered the industry in 1989, we received our news from 'newspapers' (those quaint wads of printed newsprint paper folded once into a stack with stories inside delivered daily then discarded). The daily editions and the publishers who printed them were called 'papers'. The big stores were on page one. The papers sat in a box on the street or were hawked by sellers at news stands. Each story had to compete for customers via a 'headline' printed in bold letters, designed for one purpose only, attracting reader's attention. The paper editors' choice of headlines were the 'click-bate' of the day. The editions were typically broken up by interest. The sports section was the most popular followed by entertainment. The 'business section' was usually a pull out with stock and bond price quotes for the previous day, mundane stories about dividend hikes and corporate take-overs. Advertisers paid a premium to show their ads in the most-watched sections. The business section wasn't the top seller. A successful daily edition sold out. Editors had to predict what would sell and how many papers to publish. If a lot of papers were left over at the end of the day the owners took the editors to task. Editors needed a sixth sense of the public's mood, or the paper quickly went broke. Investment industry insiders were often anxious to receive their papers before the public, hoping for an advantage on the news flow.

A veteran of the industry advised my newly minted rookie self "*Hilberry, read the headlines from 5 feet back. If it's in the news, it's in the price.*" He meant the headlines were an accurate daily public opinion poll. When business news headlines hit the front page, it is often after large declines in stock market prices. The headline choice tells you all you need to know. Lots of doom and gloom = BUY. Headline glee = caution. Read the headline, do the opposite. Don't get lost in the narrative of Why.

Other than the medium, little has changed. Low cost has democratized publishing opinion on-line. Clickbait has hyperbolized the news flow. Howard Stern started it all with Shock Jock radio (Donald Trump was a frequent guest). Say anything regardless of who it hurts to gain attention, making wild predictions of the end of ...romance, family life, finance, democracy, food supplies, national security, the environment, etc. Selling advertising...er news was big business. It still is. Read the news, however you get it, with skepticism.

Examples:

"Joe Biden is not alive. He's being played by several actors including Jim Carey" Jason Selvig

<https://twitter.com/jasonselvig/status/1519045888039178244>

'Let's Fact Check That Taylor Swift Private Jet Usage Story'

<https://zulie.medium.com/lets-fact-check-that-taylor-swift-private-jet-usage-story-32d226bd3682>

Applying this to finance.

'The Uncertainty Monster' Barry Ritholtz - July 21, 2022

Mr. Ritholtz reviews why we can't predict the future.

<https://ritholtz.com/2022/07/the-uncertainty-monster/>

'The Price of Admission' – Ben Carlson Aug 2, 2022

Mr. Carlson tracks historical stock market volatility.

<https://awealthofcommonsense.com/2022/08/the-price-of-admission/>

How do we use the above?

We humans are tribal animals. We do things in a herd. We get excited together, depressed together, happy, sad, angry and forgiving...together. Christmas happens for a reason.

"Never confuse a Bull Market for Brains" means yours and everyone else's. Despite what pundits may expound, nobody really knows in advance when the herd will move. It's a mystery. Experience confirms my inability to do. Happily, that hasn't been a barrier to stock market profits (see below). Recognizing my own inability is a start. Recognizing the extremes of Greed and Fear are the next step. What is the collective tribal emotion?

Glee:

- Is the media full of stories of new ‘the world’s richest person’?
- Are twenty-somethings buying Rolex and Patek watches?
- Are you tired of hearing of your day-trader buddies making a killing
- Are investors bidding up speculative assets?
- Have sketchy companies ballooned in value
- Do we see zero chat of downside risk?
- Do you regret a 10% return when your friends made 28%
- Do YOU feel good about the stock market?

If the answer is ‘Yes’ the tribe feels good. Caution is advised. The herd is likely to panic and follow each other over the cliff. You don’t know when but you may be able to sense the direction. Caution does not mean SELL everything. It means be more choosy than normal.

Gloom:

- Do you see ‘Recession’ headlines?
- Is the media full of doom and gloom? Are media perma-bears getting air-time?
- Have your day trading buddies suddenly gone dark?
- Have prices for solid companies flopped?
- Are dividend yields higher today than a year ago?
- Is your combined portfolio value lower than it was a year ago?
- Do YOU feel uneasy?

If the answer is ‘Yes’ the tribe feels bad and so do you. Be a buyer, or at least a holder. Be less choosy than normal. Don’t ‘wait until you feel better’. You will feel better after prices have risen. You will have missed the empty bus and the choice seats. You’ll catch the next one (there’s always a next one) but you won’t get a seat, the ride will be slower and more crowded and you won’t get to your destination as quickly or as easily.

The tools are....

- Recognize extremes
- Go against the tribe.

“When you feel bad about the market, BUY” - Steve Forbes

Recent headlines feature ‘Recession’ and ‘Protect your self from the coming bear market’ (that has already arrived) with predictions of ‘Worse to come’. This tells me it’s a poor time to sell and a better time to buy. It’s tempting to be cute and try for cheaper price. Maybe investors will sell more than buy over the next few months. Maybe some macro- global event will cause the herd to panic again. History says such events are relatively short. If war sends

all the world goes up in flames all bets are off. In the meantime, companies continue to do business, selling products at a profit their customers want and need. I'm sticking with profits and the resulting dividends.

Has this approach worked?

Selected Results July 31, 2021-Aug 5, 2022:

Description	YTD % chg	From High % chg	Trailing 12 % chg
S&P 500	-13.08%	-14.02%	-6.19%
NASDAQ Comp	-19.12%	-21.95%	-13.76%
NYSE FANG+TM	-24.92%	-30.88%	-21.767%
Greyscale Bitcoin Trust	-58.16%	-75.38%	-58.74%
Amazon	-15.22%	-25.07%	-15.04%
Ark Innovation ETF	-47.05%	-68.63%	-58.26%
Meta Platforms -50.39%	-50.39%	-56.52%	-53.17%
Netflix Inc.	-62.34%	-67.64%	-56.17%
Shopify	-70.00%	-81.86%	-72.45%
TSX Composite	-7.86%	-11.97%	-3.61%
DJ CDA Dividend Index	-8.59%	-14.40%	-6.63%
Hilberry CDN Div Growth*	+2.68%	-6.04%	+9.88%
Hilberry US Div Grth \$CDN*	-0.89%	-6.40%	+4.24%
Hilberry 50/50 blend \$CDN*	+0.71%	-6.23%	+6.75%

Our rolling 12-month portfolio total returns are slightly higher than the pure annual cash dividend yield available at the time, telling us investors were less inclined to sell the dividend payers, in some cases adding to them during volatile periods. This was true on both sides of the border. No surprises.

When the going gets tough, the dividend payers get going, proving their worth.

For an expanded details of the table with additional indices see the attached table file. Sources: Refinitiv, NBF, Hilberry

***DISCLAIMER: Hilberry individual portfolio returns are based on live accounts net of fees. The 50/50 blend result is synthetic, factors fees but does not reflect a live portfolio returns. No deposits or withdrawals. Individual client accounts may vary from these results**



Worried about how your money is performing? Here's how to put what's happening into perspective.



Watch Anna's latest video here

<https://www.youtube.com/watch?v=Ai7SCN8wiKo>

Have a Great Weekend

Steve & Anna Hilberry



FOR THE RECORD Aug 5, 2022

DOW INDUSTRIALS:	32,721
S&P 500:	4,135
S&P/TSX COMP:	19535
WTI:	\$89.77
LOONIE IN \$USD:	\$0.7735 \$US

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