

The Dream Achiever



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*Spring is nature's way of saying,
"Let's Party!"*
~ Robin Williams



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FundEX merging with Investia

On July 1, 2021 IA will be amalgamating two of their existing mutual fund dealers into one. Both Investia and FundEX are already proud members of the IA Financial Group (iAFG) family of companies, and the merger reflects iAFG's ongoing commitment to optimizing operations to ensure superior client experience.

This amalgamation will not impact the holdings and value of the content of your portfolio or the registration of your investments for tax purposes. The resulting company will be the largest independent mutual fund dealer in Canada and be known going forward as Investia Financial Services.

What will change is that all official dealer communications, such as account statements, will bear the Investia logo going forward. You can find more information about Investia on their website at www.investia.ca.



In Full Bloom

We hope that you and your families are healthy and managing well during this difficult period. In Montreal we have been blessed with spectacular early spring weather, which quickly melted away winter. As the tulips bloom, we hope that you can all get out, and by following protocols safely, enjoy the colorful beauty of spring.

The first quarter of 2021 has highlighted the tug of war between fear and hope. It started with the storming of the White House in January, then glimpses of light with the vaccine roll outs and US spending plans (\$1.9 Trillion stimulus), which rewarded patient investors with solid returns, but the ride has been anything but smooth.

In the first quarter of 2021 the Canadian TSX composite finished up 8.05%, the American S&P 500 was up 4.35% (\$CAD), MSCI World was up 3.63% (CAD\$), while the FTSE Canadian Universe Bond was down -5.04%.* The CAD\$ rose 0.98% in the quarter versus the USD\$ (rate on March 31st was \$0.792 CAD/USD).

Three stories that stood out this quarter were:

- Social media and the impact on certain stocks
- The divergence between value and growth stocks, and
- The pressure on bond returns

Several events set the stage for volatility on both equity and fixed income markets, but none could anticipate the impact of social media on the stock market. Discussions on Reddit, Facebook, Twitter and other social media platforms led to unprecedented volatility of some stocks targeted by "small investors". There is nothing new about discussing investing ideas on social media with like-minded people. However, this time investors coordinated their efforts, which resulted in some stocks, such as Gamestop, being bid up to record highs. The price increase was the result of the large demand for certain stocks, making them trade at valuations well beyond what could be justified by the company's fundamentals. The extreme volatility then spread to the overall market as institutional short sellers sold positions in an attempt to prevent further losses.

Another notable anomaly was the divergence of value and growth stocks. Value stocks rallied very strongly during the first quarter, to gain on growth stocks, which lead the market last year and have dominated value stocks for nearly a decade. For example, the MSCI Value index returned 9.2% for the quarter versus only 0.2% for the MSCI Growth Index (both expressed in USD for comparison purposes).

Several factors put upward pressure on longer term rates (10-year US Treasury yield rose from 0.91% to 1.74%), causing bond returns to struggle through a volatile quarter. First, some investors have dumped government securities seeking better returns in other investment vehicles. Second, many investors now think that economic growth will continue in 2021, causing a rise in inflation. Therefore, bond-buyers are demanding a higher return to make up for the price erosion (of inflation). Third, there is growing consensus that central banks could now start cutting back their support sooner than expected.

This quarter, once again, proved that broadly diversified portfolio of investments offers the best protection from market volatility. It is important to stay focused on your long-term goals and stay invested during uncertain times. Looking forward, the promise of economies reopening, supported by an increasingly vaccinated population, allows us to be optimistic for the remainder of the year. The consumer spending expected as people "go back to normal" will undoubtedly continue to fuel the economy returning from a pandemic winter to a full bloom.



Planning items

- **2020 Tax Return deadline for individuals:** Federal April 30, 2021. Quebec to May 31, 2021.
- **RRSP Contribution Room for 2021:** Please provide us your room for the 2021 tax year when you receive your 2020 Federal Notice of Assessment. The maximum limit for 2021 is \$27,830. You may need to adjust your automatic savings plans for the coming year accordingly.
- **Registered Education Savings plan (RESP) contributions:** Quebec beneficiaries get the added 10% QESI grant from the provincial government increasing the overall grant to 30%! 2020 room now available.
- **Tax Free Savings Account (TFSA):** A new \$6000 of room available since January 1, 2021. Total room since 2009 is \$75,500.
- **Conversion to RRIF account:** Those of you who turn 71 years of age in 2021 (born in 1950) will need to convert their RRSPs into RRIF accounts before the end of the year. We will be in contact to assist you on how to get that done if you haven't done so already.
- **Your Annual Review:** It is important to inform us of any changes taking place to see the effects on your plan.
- **\$2K pension deduction:** Those who turn age 65 in 2021 or older and not already receiving recognized pension income.

DD Humes Group Update – A farewell and a welcome



Chantal Massicotte has decided to retire after 27 years as an integral member of the DD Humes Financial team. Over this timeframe her colleagues and clients have been the benefactors not only of her dedication and professionalism, but also her enthusiasm. Within seconds of meeting Chantal, what becomes evident is her passion for life. As one who loves to travel and experience all that life has to offer, she will have no problem filling up her future calendar. As each of her clients will attest, she literally adopted them into the Humes family and extended her extensive knowledge and expertise in a thoughtful, thorough, and conscientious manner. This could be evidenced pre-pandemic by the ongoing presence of cards, flowers, and other gestures of gratitude from clients, that continually adorned her office. For over a year now she has been carefully and methodically transitioning her clients to the custodianship of Danielle Mills, who has continued to develop in an advisory capacity, as a member of the DD Humes Financial team for the past six years. Bravo Chantal for a job well done. She'll be missed!

As one cherished team member leaves, we are also excited to welcome **Guillaume Bernardi** as a new member of our team. Guillaume started his career in the financial services industry back in 1997 and has worked for BMO Private Client Group, Invesco, and for the past 12 years, as Vice-President, Regional Sales at Franklin Templeton Investments. Having worked with both investors and advisors, he brings a unique perspective to the table. For the past 20 years, he has hosted seminars for both investors and advisors on themes like The Importance of Managing Risk, The Psychology of Investing, Tax Efficient Investing, and Active versus Passive Investment Strategies to name a few. He has been involved with West-Island charities, having served for 5 years on the board of The VOBOC Foundation, a charity that helps equip, engage, and empower adolescents and young adults (AYAs) with cancer to improve their experiences and health outcomes. He lives in Beaconsfield with his wife and two sons. In his spare time he loves to get his hands dirty by enjoying outdoors in the Laurentians, working around the house on several home renovation projects, or honing his skills as a woodworking craftsman. Guillaume is currently in the application process to becoming licensed with FundEX.



Disclaimer:

The foregoing is for general information purposes only and is the opinion of the writer. This information is not intended to provide specific personalized advice including, without limitation, investment, financial, legal, accounting or tax advice. However, please call **David Humes, Matthew Humes, Chantal Massicotte, or Danielle Mills** to discuss your particular circumstances.

Mutual Funds provided through FundEX Investments Inc. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the simplified prospectus before investing. Mutual funds are not guaranteed and are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the fund will be able to maintain its net asset value per security at a constant amount or that the full amount of your investment in the fund will be returned to you. Fund values change frequently and past performance may not be repeated.

*Source: Morningstar Canada