

# The Dream Achiever



JUNE 30, 2021

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FundEX becomes Investia

***"Life is like a balloon;  
you must put something into it  
to get the best possible results."  
~ William Cranch Bond.***



"I'LL NEED YOUR CREDIT CARD AGAIN... THE PRICE WENT UP WHILE YOU WERE PUMPING IT."



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## Take a deep breath

We hope that you and your families are well and that you have been able to safely enjoy life a little more as things have begun to reopen after the third wave. Here in Montreal the spirit has been upbeat with that long Canadiens playoff run to the Stanley Cup finals. Even though the result wasn't exactly what the city had hoped I think most are proud of the team's work.

The global economy continued to recover in the second quarter helped by the rollout of COVID-19 vaccines, U.S. fiscal stimulus programs, and supportive monetary policies from major central banks. The Canadian S&P/TSX Composite Index gained 8.54%, the US S&P 500 Index gained 6.95% (in CAD\$), the MSCI World Index up 6.3% (in CAD\$), and the Morningstar Can Core Bond index up 1.79% in the three months ending June 30. In \$CAD appreciated 1.8% vs. the \$USD and sat at 80.65 cents at the end of the quarter.

The pandemic still cast its shadow on the quarter. India was hit with an aggressive COVID-19 variant in May. At its peak, cases exceeded 400,000 leading to more restrictions and lockdowns, but by the end of the quarter cases had begun to decline. Japan experienced rising COVID-19 cases in Tokyo and other large cities, just a few months before the Olympics. This led to an increase in the rollout of Japan's vaccination program, and cases have since started tapering.

Global markets rallied despite inflation, cryptocurrency volatility (Bitcoin plummeted from \$63,381 in April to \$31,277 in June) and higher COVID-19 cases in several Asian countries after the Fed reiterated its accommodative monetary stance. U.S. equities climbed on increasing economic optimism and news President Biden would propose a US\$6 trillion federal budget for the 2022 fiscal year. Emerging markets equities rallied as well, as a weaker U.S. dollar and higher oil prices helped exports.

In fixed income markets, U.S. Treasuries and government-related bonds recorded positive total returns. Within corporate credit, investment-grade bonds advanced on the back of lower U.S. Treasury yields. Local currency and U.S. dollar-denominated emerging market debt also rose. Eurozone government bond yields increased in April and then remained largely unchanged for the remainder of the quarter.

The Fed left U.S. interest rates in the 0 to 0.25 % range and said it would continue buying Treasuries and mortgage-backed securities to stimulate borrowing and spending. The Fed did raise its forecast for inflation though, to 3.4% by the end of this year. As a result, the Fed signaled it may act sooner than previously planned to start hiking rates – possibly twice by late 2023. The Bank of Canada also held interest rates at 0.25% saying it expects the economy to rebound strongly this summer. The bank added this would be led by consumer spending as vaccinations continue and provincial governments ease restrictions.

As in the U.S., Canadian inflation went north. Statistics Canada said a 3.6% CPI increase in May was the largest yearly increase in a decade and outpaced the 3.4% posting in April. The Bank of Canada reiterated it was ready to raise rates should inflation come in persistently above its 2% inflation target. However, it noted this recent bout of ballooning inflation was likely transitory, hinting that we should take a deep breath. The recent inflation numbers were mainly driven by rebounding gasoline prices and calculations based on last year's depressed levels.

In foreign exchange markets, the U.S. dollar depreciated against most major currencies as well as those of many emerging markets. This was again due to lower Treasury yields, increased U.S. fiscal spending, falling COVID-19 cases, increased vaccinations and continued hopes of a global economic recovery.

## Market Overview *Continued*

What we can expect now? The global economy should see an acceleration of the reopening of trade into and through the summer months. We expect to see a wave of pent-up demand particularly in services industries such as travel, dining out and events. This will be fuelled by elevated household savings, continued fiscal and monetary support and the ripple effect from strong housing and equity markets.

Regardless of where we are in the market cycle, it's important to take a disciplined approach to investing and stay focused on your long-term financial goals. This strategy helps you keep your emotions out of investing – typically buying high and selling low like many investors do.

We continue to believe you should maintain a diversified mix of asset classes in your portfolio to maximize potential returns and minimize risk. Regularly reviewing and rebalancing your portfolio back to the target asset mix we created also helps ensure it remains aligned with your financial goals.

Thank you for your continued trust in me and my team for the opportunity to assist you in working toward your financial goals. We are with you every step of your investment journey, identifying strategies and opportunities, reviewing performance and rebalancing your portfolio to help you remain on track. Should you have any questions regarding your portfolio, please do not hesitate to contact my office.

## Planning items

- **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. Note: **You can make us a tax representative** and we'll be able to get this from the CRA for you.
- **Registered Education Savings plan (RESP) contributions:** Quebec beneficiaries get the added 10% QESI grant from the provincial government increasing the overall grant to 30%! 2021 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 in 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.
- **Estate planning:** The pandemic is a reminder that your **wills and mandates** need to be in order.

## The Planning Corner – FundEX becomes Investia



As mentioned in our previous communications, on July 1, 2021 IA Financial Group (iAFG) amalgamated two of their existing mutual fund dealers into one. Both Investia and FundEX were already members of the 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 is the largest independent mutual fund dealer in Canada and will be known 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](http://www.investia.ca). Access to your Wealthview client portal and your login credentials will remain unchanged. After the merger you will also soon have access to a client app for mobile access. (Details to come). As you can see, the June 30th statement has the same look and feel as usual. Please note that going forward, cheques should now be made to "Investia Financial Services Inc. in Trust". If in the short run you forget, Investia will be accepting cheques payable to "FundEX Investments in Trust" for the next few months as it is also a registered trade name. For those of you using online deposits into your accounts please ensure that your Payee has changed to "Investia Financial Services Inc. (Formerly FundEX Investments)". This change should happen automatically, so no action is required on your part.

### 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, Danielle Mills, or Guillaume Bernardi** to discuss your particular circumstances.

Mutual Funds provided through Investia Financial Services 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: CI Investments, Bloomberg Finance L.P, marketwatch.com, The Globe and Mail, reuters.com, the U.S. Food and Drug Administration, TD Newcrest