

The Dream Achiever



SEPTEMBER 30, 2021

INSIDE THIS ISSUE

- 1 Market Overview
- 2 Planning items
- 3 The Planning Corner:
Introducing the iA Investia App

**"Coming together is a beginning;
keeping together is progress;
working together is success."**

~Henry Ford



**"It was someone from corporate's
idea to improve our inventory turns."**



Follow us on Twitter
[@ddhumes](https://twitter.com/ddhumes)



The Port of Los Angeles:
A new high of 65 vessels are waiting to enter



The Big Shortage

Since we last wrote a newsletter Japan hosted the 2020 (2021?) Olympics, billionaires have started space tourism, Canada held a federal election, and the word Delta is now cringed upon. Life seems to be moving fast again, but unfortunately the interruptions over the last 18 months have had a severe slowing impact on the global supply chain such as congested shipping lanes, limited energy capacity, or rationed microchips affecting business everywhere! The kitchen appliance you need to replace. Check back in January. Need new furniture? Try next summer. We haven't even mentioned the labour crunch. Welcome to the new shortage economy.

U.S, Canadian, and global equity markets started Q3 where Q2 ended, confidently charting a course forward. Equities demonstrated resilience throughout the quarter, despite a pull-back in September in the face of slowing economic indicators, growing supply chain disruption, and weakness in China. One of the key themes, as mentioned above, has been the disruptions in the supply chain. Sourcing supplies has been increasingly difficult as the domino effects of labour shortages and offshore factory work stoppages, punctuated by demand surges, continue to make their mark. Shipping and labour costs have increased rapidly alongside growing transportation dwell times.

The U.S. Federal Reserve maintained the leading rate near floor level in September, but chairman Jerome Powell still announced that the central bank's inflation objectives has been achieved. The result: The Fed stated in September that tapering of quantitative easing (i.e. a slowdown in the pace of asset purchases) will be announced at the November meeting, as expected, and will finish by mid-2022. Meanwhile, the fed funds rate projections now show a faster rate hiking schedule than they did in June. The median rate expectation for 2023 moved up to three hikes from two in June, with three additional hikes in 2024. Fed officials were evenly split 9-9 on a rate hike in 2022.

The Bank of Canada also held interest rates at 0.25% saying that it expects the economy to strengthen throughout the second half of the year. The bank warned that supply chain bottlenecks and rising COVID-19 cases could slow the pace of the recovery. The bank continued with its bond buying program but scaled back purchases to about C\$2 billion per week. Canadian inflation went north as well. Inflation rose 4.1% in August compared to a year ago, the highest since 2003. The Bank of Canada has regularly stated it would intervene should inflation remain persistently above its 2% target but noted the current bout of inflation was likely transitory.

Capital Markets

Year to date the S&P/TSX Composite Index is up 17.5%, the S&P 500 Index up 15.9%, and the MSCI EAFE Index is up 8.2%. U.S, Canadian, and global equity markets started the quarter brightly. By the end of August, equities had notched a seventh straight month of gains, with the S&P 500 Index finishing near its all-time high and the TSX Composite Index on its longest winning streak in four years. Markets then dipped over concerns about inflation, the U.S. debt ceiling, the Evergrande crisis in China, and speculation on when the Fed's bond taper would begin, before finishing Q3 close to previous highs.

Market Overview Continued

In foreign exchange markets, the Canadian Loonie appreciated against the U.S. dollar and other G10 currencies due to rising oil prices and the status-quo Canadian federal election outcome. Oil prices surged following the threat of Hurricane Nicholas in the U.S. gulf and depleting U.S. crude inventories before declining on Russian plans to increase exports. The debt crisis of the mega Chinese property developer Evergrande at the tail end of the quarter then caused the oil prices and energy stocks to climb again.

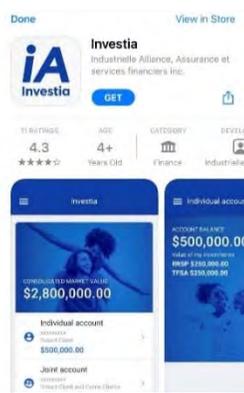
What we can expect now?

The accommodative monetary policies of major central banks are beginning to be pared back so it's natural we might experience some near-term setbacks and volatility as market conditions shift. The pace of growth will likely be slower but this is understandable as we are coming off a record breaking 12 months of performance. Overall, even with the supply chain disruptions, the real time data seems to indicate the worst is behind us and the outlook remains positive driven by strong economic fundamentals and corporate earnings. 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 recommend you 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 ensures it remains aligned with your goals.

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.
- **Registered Education Savings plan (RESP) contributions:** Quebec beneficiaries get the added 10% QESI grant from the provincial government increasing the overall grant to 30%!
- **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 – Introducing the iA Investia App



We are pleased to introduce the Investia app, a brand-new application that lets you navigate through the Wealthview Client Portal directly from your mobile devices. With the Investia app, you can access your account information easier than ever before. If you want to try the new app, simply follow these steps:

- 1) If you haven't already done so, please register for the Wealthview Client Portal using the following link: client.fundex.com
- 2) Download the iA Investia app from your device's app store (eg. Apple or Android)
- 3) Once the app has been installed on your device, click on the icon to open it
- 4) Enter your Wealthview Client Portal login information (access code and password)

Should you have any questions, please do not hesitate to contact us.

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 offered 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