

August 2021 Monthly Summary

It's hard to believe summer is more than half over. Despite continued restrictions, summer has offered the opportunity to visit with family and friends, to enjoy the outdoors, travel within Canada and enjoy nature's bounty of fresh fruits and vegetables. We continue to wish you and your family good health and hope the rest of the world will soon enjoy much of the freedom we have, until recently, taken for granted.

In this newsletter, we provide a brief summary on estate planning issues for blended families, a brief overview of the influence of ESG investing, and a brief review of the markets during July.

Estate Planning for Blended Families

Family structures often change significantly, and it is not uncommon for people to enter a second, third, or even fourth marriage. When multiple families are involved, there may be confusion with respect to the intended estate distribution if a well documented estate plan is not in place.

The article, [Estate Planning for Blended Families](#), focuses on the estate planning issues and situations that should be considered where multiple or blended families are concerned.

ESG Matters: The Age of Transparency

Environmental, Social and Governance ("ESG") reporting has gained attention with respect to its importance from a human capital management perspective. A tightening regulatory environment and an ongoing push from investors have been primary drivers of enhanced ESG reporting.

[ESG Matters: The Age of Transparency](#), prepared by BMO Capital Markets, describes the factors pushing the capital markets into an "age of transparency," characterized by a significant increase in the supply of ESG disclosures from issuers.

Market Overview July 2021

S&P 500 Logs Sixth-Straight Monthly Gain Despite Some Choppy Trading

The S&P 500 posted its sixth straight monthly gain in July with the index rising 2.3% despite some price choppiness and bouts of volatility during the month. Delta variant concerns and lack of a substantial pullback this year seemed to be two key factors contributing to the growing anticipation of a market correction that has developed among many investors in recent weeks, and the subsequent pivot into defensive groups. (1)

Underperformance From Materials Sector Presenting an Opportunity

Materials has been one of the worst performers over the past two months with the sector trailing the S&P 500 by more than eight percentage points, and currently stands 11% off its high from mid-May. However, this underperformance has largely been a product of the rotation out of value/cyclicals and into growth, stemming from the peak economic growth + inflation + policy support narratives, as opposed to deterioration in the sector's fundamentals. (2)

Health Care Sector Quietly Outperforming

Health Care was the best performing sector in July, posting a 4.7% gain, and has now quietly outpaced the S&P 500 by almost four percentage points in the past three months with Life Sciences Tools & Services and Pharma leading returns. At the sector level, relative valuations sit well-below historical norms and dividend trends remain attractive, but earnings growth has lagged the market with blended EPS growth in a sharp downtrend versus the S&P 500. (3)

Positive but Moderating Returns

Canadian equities posted another monthly gain in July, marking the sixth consecutive monthly gain for the S&P/TSX. However, the modest 0.6% price return in July was the slowest monthly gain over the previous six months and the breadth of performance was decidedly more mixed. (4)

As always, if you have any questions regarding this summary or your investment portfolio, please call us.

Sincerely,

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(1), (2), (3), (4) BMO Capital Markets

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