

June 2021 Monthly Summary

As summer approaches and the days become longer, we are optimistic that better days lie ahead. Vaccine rollouts across Canada are progressing and as result we look forward to spending more time with our families and friends especially during the beautiful summer months in Canada. We remain grateful that our team members, their families and our clients have not been critically impacted by this most challenging virus.

In this summary we provide important information about the consequences of dying without a will. As well, with interest rates globally near zero, we discuss the term "bond duration".

Dying without a Will

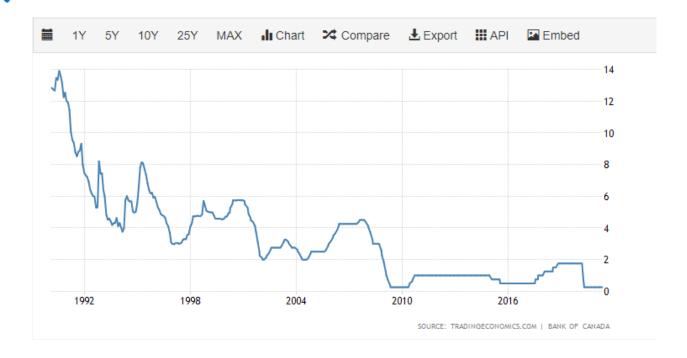
Michael Jackson, Prince and Aretha Franklin all died without a will. Dying without a will creates enormous challenges for the intended beneficiaries of one's estate. The article "Consequences of Dying Without a Will" illustrates the repercussions. While many of our clients already have wills in place, many of their children and grandchildren do not. Please feel free to share the article.

Bonds

For many investors, bonds are used as an asset class to help reduce the volatility of an investment portfolio overall. For anyone born after 1992, they have almost never seen interest rates move up for any significant period.







However, if and when interest rates do rise, it can have a dramatic impact on bonds. How much of an impact depends on the "duration" of a bond. This <u>article</u> helps explain what duration is and what is means if you own bonds in your portfolio.

Market Review May

US stocks Rise for the Fourth Straight Month

US stocks rose 0.5% in May, the fourth straight monthly gain for the S&P 500, but a deceleration from the price returns exhibited during the February through April period. Inflation dominated market headlines in May with investor anxiety reaching a crescendo as April US CPI sharply surprised to the upside, leaving many investors contemplating the implications this could have on future Fed action as well as overall market performance. Q1 earnings season also wrapped up with S&P 500 companies blowing away expectations, posting record levels of EPS growth, surprises, and beat rates, and annual EPS estimates being revised higher at a blistering pace. (1)

Crude Oil Continues To Improve

The crude oil outlook has improved substantially over the past several months alongside the economic recovery. The rise in WTI (West Texas Intermediate) has lifted Energy stocks, which have outpaced the broader market by more than 3x YTD, and has helped fuel the early stages of a recovery in earnings, which were sharply hit during the pandemic. In addition, free cash flow yield and return on





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equity for the S&P 500 Energy sector also appear to have troughed earlier this year, which could be positive signs for the fundamentals of the group moving forward. (2)

Price and Earnings Momentum Propel TSX to New Highs

Canadian equities maintain solid price momentum in May, gaining another 3.3% on a price return basis and is now up 13.2% year-to-date. In fact, this momentum was propelled by another epic positive surprise cycle that saw a strong majority of S&P/TSX companies meaningfully beat upwardly revised estimates. (3)

As always, if you have any questions about these articles, or your investment portfolio, please contact us.

Sincerely,

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





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