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BMO Nesbitt Burns

September 2021 Monthly Summary

Fall is around the corner, and we hope summer provided you with an opportunity to travel and to share time with family and friends. While restrictions continue to be in place, life in Canada has been generally much more flexible, and for most, more enjoyable. We remain optimistic that the worst is far behind us.

As most children return to school, this newsletter focuses on education planning for kids and grandkids. We've included a brief article on how RESPs (Registered Educational Savings Plans) can be a part of your estate plan and a brief article on the benefits and drawbacks of "In Trust For" accounts. Finally, we provide a short market summary of activities in the markets during August.

Considering RESPs as Part of Your Estate Plan

Registered Education Savings Plans ("RESPs") are popular vehicles chosen by parents, grandparents, and others to help set aside funds for a child's post-secondary education. However, a RESP is an asset too often overlooked by individuals when it comes to their estate planning.

[*Considering RESPs as Part of Your Estate Plan*](#), provides an overview of important estate planning considerations for RESP subscribers.

Informal or "In Trust" Accounts – Friend or Foe

Grandparents and other loving relatives often wish to make a gift of money to a minor child. To keep things simple, these gifts are frequently set up as informal trusts in "in-trust" or "in trust for" accounts ("ITF"). While these accounts are less complex and less expensive than traditional trusts, there are some things to consider when creating such trusts.

[*Informal or "In Trust" Accounts – Friend or Foe*](#), explains the structure, timeline of distribution, taxation rules, and considerations for such trusts to ensure that your trusts are properly structured.



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Market summary for August 2021

S&P 500 On A Seven Month Winning Streak

The S&P 500 extended its winning streak to seven months in August with the index rising 2.9% and climbing to 12 new highs in the process. The path of least resistance was clearly to the upside despite a number of concerns grabbing headlines, the biggest of which seemed to revolve around the Fed's taper timeline, the delta variant spread, and dampened vaccine efficacy, along with the general sustainability of the market rally. Robust corporate earnings certainly provided a strong layer of support for US stocks with Q2 marking another record - setting reporting period for S&P 500 companies in terms of growth, surprise, and beat rates.¹

Don't Throw in the Towel on Consumer Discretionary Stocks

Consumer Discretionary has struggled in recent months, trailing the S&P 500 by 6% since the end of April. Despite this weakness, we disagree with the notion proposed by some pundits that it's time to rotate out of these names and into defensives like Consumer Staples. Yes, the delta variant spread looks to have put a dent in the latest consumer confidence and personal spending data, but the economic backdrop remains solid, which should be supportive of the Consumer Discretionary sector, which is slated to post above -market EPS (Earnings Per Share) growth for 2021 and 2022 , and is exhibiting a strong recovery in ROE (Return on Equity).²

Canadian Equity Valuations Continue to Compress on Solid Earnings Growth

Canadian equities posted another monthly gain in August, marking the seventh consecutive monthly gain for the S&P/TSX. Second quarter earnings beat upwardly revised estimates by almost 10% this quarter, led by continued earnings strength within Financials.³

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

Sincerely,

[Ferrie Petruccelli Wealth Management Group](#)

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

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