



SEPTEMBER 2021 MARKET UPDATE

The dogdays of summer are upon us. Many have taken the opportunity to travel, mostly within the country, while many have chosen to remain close to home while we continue to work through some challenging times.

The investment markets have been confident of what positives the future will bring. Investors see the glass half full in viewing the economy's resiliency while facing ongoing covid waves and the risks of higher inflation. As we reach the 2/3 point of 2021 and looking in the rear-view mirror of equity performance, we see that though the markets (and our investment portfolios) have performed very well, most of this strength occurred in late 2020 and the first half of 2021. While the financial media reports "new highs" on some of the indices, the number companies participating in this strength are declining. The breadth of the equities market (the number of stocks advancing vs the number of stocks declining) appears to have hit a peak during the spring. Fewer stocks continue to advance up while more stocks have been declining or flat.

So, what will happen with investments as we begin the journey to 2022? While the "bulls" still dominate the "bears", optimism for higher equity prices remaining in focus. However, we should tread carefully. Equity and bond markets should remain volatile as investors try to balance solid economic growth with the eventuality of increasing interest rates. Regarding interest rates, these extremely low rates should remain with us in the months ahead. The Bank of Canada has stated these are no rate increases at least through mid-2022. The possibility of rate increases in both Canada and the U.S. may move closer to reality by late 2022.

Back to the equities markets - the increase in stock prices of the past 15-16 months is probably the easy money being made. Stock price advances will be slower going forward and with ever increasing volatility. I continue to argue that dividends should take an increasing importance in looking at portfolio's overall investment returns. Dividends are often a reflection of a company's balance sheet strength. Dividends are a return of some of the company's profits to its shareholders.

As mentioned earlier, equity market breadth has been declining. Some sectors continue to see strength while others have weakened or are taking a breather from their earlier advances. Banks are an example of a sector that is trading at its highs, while renewable energy companies are an example of those that have shown some weakness. These situations reiterate the importance of maintaining some diversification and balance in your portfolio. While banks are stronger in 2021 and renewables are weaker, the opposite was the case in 2020 where renewables well out-performed the banks. The current soft period for renewables will turn more positive at some point in the future. Like most sectors that show eventual resurgence, the strongest companies in the sector will out-perform the weaker.

A few non-market comments.

- 1) Valerie and I welcome Isabella Bottay as Isabella joins our team full time. Isabella came to us in January for her 4-month UVIC Co-Op term. Isabella has now completed her Business degree and Valerie and I are very glad she has agreed to join our team as an Administrative Assistant. Please join us in welcoming Isabella. She can be reached at 250-361-2268, isabella.bottay@cibc.ca
- 2) I will be away on a brief vacation inside BC again this year. I will be away from the office the week of September 13. I will be back in the office September 20. Business as per usual with Valerie and Isabella to assist while I am away.

- 3) You have questions? We are here to help. We have access to a team of professionals i.e., CIBC Private Bankers, CIBC Trustee, CIBC Mortgage Brokers, CIBC Estate Planners, along with our circle of influence. We welcome you to reach out.
- 4) Lastly, as Jamie Golombek, CIBC's Managing Director, Tax and Estate Planning, CIBC Private Wealth Management wrote, Your estate matters! Common traps and how to avoid them. One of the most common estate planning mistakes is letting the government write your will. Ensuring you have an up-to-date will in place is the simplest way to share your wishes upon your passing are fulfilled. We also encourage you to review your will every few years or when a life event is triggered. If you would like to read this article, let us know or you can find it on our website and/or on our LinkedIn pages.

As always remain optimistic yet cautious. Please call us at any time to discuss any topic or issue.

Best regards,
CIBC Wood Gundy



Ron A. McQuarrie
Investment Advisor
250 361-2267
ron.mcquarrie@cibc.ca
<http://linkedin.com/in/ron-mcquarrie>
<https://woodgundyadvisors.cibc.com/ron-mcquarrie/>



Valerie Charron, FMA
Financial Associate
250 361-2266
valerie.charron@cibc.ca
<http://linkedin.com/in/valeriecharron>



Ron A. McQuarrie is a recipient of CIBC Wood Gundy's
Senator Council Award - 2020

If you are currently a CIBC Wood Gundy client, please contact your Investment Advisor. Clients are advised to seek advice regarding their particular circumstances from their personal tax and legal advisors.

CIBC Private Wealth Management consists of services provided by CIBC and certain of its subsidiaries, including CIBC Wood Gundy, a division of CIBC World Markets Inc. Insurance services are available through CIBC Wood Gundy Financial Services Inc. In Quebec, insurance services are available through CIBC Wood Gundy Financial Services (Quebec) Inc.

"CIBC Private Wealth Management" is a registered trademark of CIBC, used under license. "Wood Gundy" is a registered trademark of CIBC World Markets Inc.

CIBC Wood Gundy is a division of CIBC World Markets Inc., a subsidiary of CIBC and a Member of the Canadian Investor Protection Fund and Investment Industry Regulatory Organization of Canada.

This information, including any opinion, is based on various sources believed to be reliable, but its accuracy cannot be guaranteed and is subject to change. CIBC and CIBC World Markets Inc., their affiliates, directors, officers and employees may buy, sell, or hold a position in securities of a company mentioned herein, its affiliates or subsidiaries, and may also perform financial advisory services, investment banking or other services for, or have lending or other credit relationships with the same. CIBC World Markets Inc. and its representatives will receive sales commissions and/or a spread between bid and ask prices if you purchase, sell or hold the securities referred to above. © CIBC World Markets Inc. 2021 of CIBC.