Inside:

- Canada has the strongest currency in the world
- Interest rates have risen
- Economies exiting pandemic restrictions.

By the calendar, summer is still a few days away, but I am ready for it to start today. Perhaps we can treat the warm temperatures we experienced early in the season as a sort of karmic offset for the pandemic restrictions we have all endured over the past 15 months. Whatever the reason, I'm happy to be enjoying the long hours of sunlight and warm temperatures.

You may have noticed over the past few months as the market has reset itself. Since September 2020, interest rates have increased significantly, pushing bond values down. This has placed downward pressure on longer term fixed income investments that typically performed so well during the early stages of the pandemic.

As well, the Canadian dollar has experienced the strongest growth in the world. The Canadian dollar is very closely correlated to the price of oil and other commodities. Strengthening demand for oil and commodities has pushed prices up and inflated the value of the Canadian dollar versus other currencies. This strength is not unexpected as global economies show clear signs of economic recovery after the global pandemic. The Canadian dollar has strengthened against almost all foreign currencies, particularly against the US Dollar and the Euro, a trend that has pushed down the relative value of non-Canadian securities in CDN dollar terms. The securities themselves continue to perform, its just currency values that are impacted.

You may also have noticed the price of fuel at the pump has increased significantly over the past few months as demand steadily increases, another sign of economic recovery.

Currency values typically move in trends, and I feel this trend has reached or is close to its peak. I expect to see the Canadian dollar stabilize and perhaps back down over time. Currency volatility is a normal part of investing and is something we have considered and accommodated in your portfolio structure. Interest rate volatility is also expected during this period of recovery as economies get moving again. There were some concerns that inflation may become an issue, but at this time those fears also seem to have abated, removing some of the interest rate pressure that markets were dealing with over the past few months.

Portfolios have handled this volatility well, and while we have felt some relatively minor impact in performance from this currency, interest rate and commodity volatility, the overall experience is that we continue to grow values. During this time of transition back to growth in the economies of the world, change brings opportunity, and we are taking advantage of that rotation through our diversified investment strategy, capitalizing on exposure to areas of the market that previously underperformed.

We believe we are well-positioned for this volatility and look forward to the opportunity for growth that it provides. Please let me know if you have any questions or concerns. I look forward to speaking with you soon.

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