Canadian Centre for Christian Charities

Supporting ministries in a complex world

retirement

PLAN REVIEW

Q1 2021

Contents

Access newsletters online:

Canadian Centre of Christian Charities has access to Proteus' website where you can view current, and past newsletters and performance summaries.

There is also a link to your administrator's website, which provides the latest tools and calculators to learn more about retirement planning.

www.proteusperformance.com
User ID: CCCC-Member | Password: pension

PERFORMANCE SUMMARY

INVESTMENT STRATEGY

Capital Markets are unpredictable over short time periods and a well-diversified portfolio will help protect your capital over the long-term. Successful long-term investors do not focus on poor performance in any given year – they review their strategy and make sure it is well aligned with their long-term objectives. Completing a 'Risk Profile' will help to determine the type of investor you are. If you are unsure of the best strategy for you, you should seek independent professional advice before making your investment decisions.

Learn more at Canada Life's website: ssl.grsaccess.com

Period Ending March 31, 2021				
	1 Year	**3 Year**	**4 Year**	**10 Year**
Balanced Funds				
Jarislowsky Fraser Balanced	23.5	8.4	7.1	8.5
JF Balanced Benchmark	*21.9*	*7.6*	*6.6*	*6.7*
Mackenzie SRI Balanced	18.8	6.5	6.0	n/a
SRI Balanced Benchmark	*20.4*	*7.5*	*6.3*	*6.1*
Money Market Fund				
MFS Canadian Money Market	0.3	1.2	1.1	1.0
FTSE Canada 91-Day T-Bill Index	*0.2*	*1.2*	*1.1*	*0.9*
Fixed Income Fund				
MFS Canadian Fixed Income	3.8	4.3	3.6	4.3
FTSE Canada Universe Index	*1.6*	*3.8*	*3.2*	*4.0*
Canadian Equity Funds				
Jarislowsky Fraser Canadian Equity	44.3	10.5	7.8	8.0
Mackenzie SRI Canadian Equity	34.8	9.0	7.7	7.4
S&P/TSX Composite Index	*44.2*	*10.2*	*8.0*	*6.0*
U.S. Equity Fund				
MFS American Equity	36.8	14.5	13.8	15.8
S&P 500 Index	*38.1*	*15.8*	*14.4*	*16.9*
International Equity Fund				
Sprucegrove International Equity	39.8	3.7	5.7	8.4
MSCI EAFE Index	*28.2*	*5.6*	*7.1*	*8.8*
Target Date Funds				
Fidelity Clearpath Income Portfolio	11.4	4.6	4.2	4.9
Fidelity Clearpath 2020 Portfolio	21.2	7.1	6.9	7.3
Fidelity Clearpath 2025 Portfolio	25.2	8.0	7.6	7.9
Fidelity Clearpath 2030 Portfolio	28.7	8.6	8.2	8.3
Fidelity Clearpath 2035 Portfolio	32.6	9.3	8.9	8.9
Fidelity Clearpath 2040 Portfolio	38.9	10.3	9.8	9.4
Fidelity Clearpath 2045 Portfolio	39.3	10.4	9.9	9.4
Fidelity ClearPath 2050 Portfolio	39.3	10.5	9.9	n/a
Fidelity ClearPath 2055 Portfolio	39.3	10.5	9.9	n/a
Fidelity ClearPath 2060 Portfolio	39.1	10.5	n/a	n/a

Your Investment Funds

Balanced Funds

Jarislowsky Fraser Balanced — Seeks to provide a balance of current income and long-term capital appreciation by investing primarily in a mix of Canadian and foreign fixed income and equity securities.

Mackenzie SRI Balanced — Provides a balanced return of capital growth and current income by investing primarily in equity and fixed income securities. The Fund invests in publicly traded Canadian and foreign companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

Money Market Fund

MFS Canadian Money Market — Aims to provide investors with a real rate of return. It's expected that virtually all returns will be derived from income. The Fund is suitable for clients with a low risk tolerance who have a very short investment time horizon.

Fixed Income Fund

MFS Canadian Fixed Income — Seeks to obtain interest income by investing primarily in Canadian fixed income securities.

Canadian Equity Funds

Jarislowsky Fraser Canadian Equity — Seeks to obtain long-term capital gains by investing primarily in Canadian equities.

Mackenzie SRI Canadian Equity **—** Provides long-term capital growth with moderate income. The Fund invests primarily in the shares of publicly traded Canadian companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

U.S. Equity Fund

MFS American Equity — Seeks to achieve capital appreciation investing primarily in large cap U.S. equities.

International Equity Fund

Sprucegrove International Equity— Creates a portfolio of 80 to 100 international stocks that overall have characteristics superior to a well known International Equity Index.

Target Date Funds

Fidelity ClearPath® Retirement Portfolios — A family of lifecycle funds actively managed and regularly rebalanced to provide investors with optimal risk and return for their investment time horizon. The portfolios seek to maximize growth opportunities early on to provide high total investment return, and gradually become more conservative with advancing age.

Should I Keep My Bonds?

Bonds are a key component to any investment portfolio. It is highly likely that you own bonds in your retirement plan account. If you have any money in a Balanced fund; Diversified fund; Asset Allocation fund; or Target Date fund then it is a certainty that you are a bond owner. It is also very possible that you own a specific fund holding only bonds — one that actively invests in bonds or it may invest in bonds to follow a common basket of bonds called the “FTSE Canada Universe”. The FTSE is a collection of over 1000 bonds issued by corporations and provincial as well as federal governments.

All bonds are a loan to either the government or a corporation. In return, they promise to repay the loan at a specific date in the future and pay interest until the bond is repaid. We have all seen what has happened to interest rates in the last year — they have dropped to levels we never thought would be possible. You can see this when looking at mortgage rates (when you are borrowing and have to pay the interest) or when you are investing in GICs (when you are lending money to the bank and they are paying you interest).

The interest paid on bonds has also dropped and there have been ongoing discussions about when rates will increase. Most would think this would be great news for bonds — the reality is that it is a good news and bad news story. The “good news” is that when rates go up the new bonds that you buy pay a higher interest rate. The “bad news” is that the ones you own are worth a bit less as they pay less than the new bonds. This means that during a period when interest rates are increasing there can be a period where the overall change in value of your bonds is low or even negative.

The logical question we ask ourselves is “Why would I hold bonds if expected interest rate changes might result in bond values growing slowly or possibly declining?”. The answer is diversification which is the key to investing. You want to have bonds as part of your portfolio as they offer an offset to the other investment options which are equity related as we know equities can be volatile and produce large changes both positive and negative. Getting rid of your bonds would substantially increase the risk profile of your portfolio. Bonds are there for a buffer and there will be times over the life of your portfolio that they produce less or more income than equities.

We know that interest rates will change over time — common thought at this point is they could stay low for somewhat longer. An increase in rates will most likely be a signal of an improving economic environment and that is good for everything including equities and bonds. So what is happening to bonds? They are doing what bonds have always done — offering diversification and balance to your portfolio.

Stress Test Your Retirement Strategy

As you prepare for retirement, there are some very important facets that you need to consider such as the review of your investment objectives and risk tolerance profiles to make sure they are aligned with your retirement goals. Generally, as people move towards retirement, investments become more conservative as the need to preserve the capital becomes greater. However, it is important to remember that you will potentially have to cover expenses for a time horizon of 25+ years and may need potential growth in the investments in order to achieve your retirement vision. Diversification and discipline are key – stay invested!

To understand the key financial risks of retirement planning, some questions that need to be addressed when consulting with a financial advisor include:

- What if I live longer than I expect?
- What if my money doesn't keep up with inflation?
- Is my asset mix suited to my needs and time horizon?
- How will my plan be impacted by large, unexpected withdrawals, especially early on in retirement?
- What if my health deteriorates and I need extra health care?

Tools are available, at no cost, to stress-test your retirement strategy. On-line calculators and budget spreadsheets can be found on-line from your plan administrator's website and most financial institutions. Do it! You will have a clearer view of your future cash flow and your current retirement outlook. And remember to seek financial advice to ensure that your portfolio is optimized and aligned with your retirement strategy.

MARKET REVIEW

Canadian Equities

- Canadian Equities increased by 8.1% during the first quarter of 2021.
- The health care, energy, financials, and consumer discretionary sectors let the quarter as the top performing sectors.
- Canadian equities outperformed U.S. equities, international equities, global equities and emerging markets during the quarter.
- All sectors within the S&P/TSX Composite Index except for materials and information technology generated positive returns during the quarter.

Foreign Equities

- World markets, represented by the MSCI World Index (C$), and the U.S. market represented by the S&P 500 Index (C$) were up 3.6% and 4.7% respectively for the quarter.
- The MSCI EAFE Index (C$) rose by 2.2%.

Fixed Income

- The Bank of Canada and U.S. Federal Reserve's key interest rated have remained unchanged since lowered in March 2020 to 0.25% and 0-0.25%, respectively. In both cases, it is unlikely interest rates will rise over the short term.
- As had been the case since the beginning of the pandemic, governments and central banks have continued to inject fiscal and monetary stimulus into the economy. In March 2021, U.S. President Biden signed the American Rescue Plan Act of 2021, a $1.9 trillion coronavirus rescue package designed to mitigate the economic and health effects of the COVID-19 pandemic.
- The U.S. Federal reserve will continue its $120 billion in monthly bond purchases and tapering is not expected until substantial further progress is achieved with respect to their employment and inflation goals. Meanwhile, the Bank of Canada's quantitative easing program consists of $4 billion in weekly government bond purchases, down from $5 billion per week at the beginning of the program.

A note about the performance summary:

Returns are shown before fees unless indicated. Past performance of a fund is not necessarily indicative of future performance.

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