MAUDE FINANCIAL INC.

2021 First Quarter Review

Equity markets around the world rose in the first 3 months of 2021. There seems to be optimism about economic recovery in most major indexes fueled by vaccinations and some earnings. One hiccup could be the surge in COVID-19 variants of concern. Case numbers in Canada are rising rapidly again, and some governments are taking much more restrictive measures in response.

While equity markets generally rose, there have been headwinds which have negatively affected our balanced portfolios. The first is the sharp rise in interest rates since January 1, 2021. The Canadian 10-year bond yield rose from 0.677% to 1.51% - an increase of 224%. This has a negative effect on the value of the bond portfolio in the short run. The other factor is our dollar. It has increased 1.32% against the U.S. dollar in the first three months of this year. That has had a negative effect on the foreign content in our portfolios. The good news is that equity markets are on the rise.

Looking ahead, the stimulus package in the U.S. looks to be in the trillions of dollars and pent-up demand for goods and services could mean upward pressure on markets as the economy recovers.

In Canada (as I write this) we have not yet seen the federal budget, but stimulus seems to be one of the talking points on the table. Other budget hints include a national childcare plan, Pharmacare and universal basic income. Of those programs, childcare has been talked about since the 1970s. It does make economic sense since one of the quickest ways to improve any economy is to increase women's participation in the workforce – accessible, affordable childcare certainly fits that bill!

Our balanced portfolios were up between 0.5% and 1% in the quarter. As I write this, they have moved up another 1% or so. The more equity-oriented investments were up about 2% in the same period.

	Market	Dec 31/20	Mar 31/21	YTD
Canada	TSX	17433	18701	7.27%
U.S.	DOW	30606	32982	7.76%
U.S.	S&P 500	3756	3973	5.78%
U.K.	FTSE	6461	6714	3.92%
France	CAC	5551	6066	9.28%
Germany	DAX	13719	15011	9.42%
Japan	NIKKEI	27444	29178	6.32%
Canadian $		78.57	79.61	1.32%
Oil (US$)	WTI	48.52	61.49	26.73%
Western Canadian Select	WCS	33.17	50.10	51.04%

***Source: CNN Money*

April 2021

Go Green and Win

Drop our office an email to receive the newsletter by email and enter to win a birdhouse!

Already Green? Still Win!

Already on our email list? Then send us an email to tell us about a green initiative you participate in and enter to win an insect house!

John Maude
Life Insurance Advisor

Bridget Maude
Life Insurance Advisor

Jessica Maude
Life Insurance Advisor

Julie Zorn
Life Insurance Advisor

Maude Financial Inc.
5116 – 50 Avenue
Wetaskiwin, AB T9A 0S6
Tel: (780) 352-8111
Toll free: 1-877-352-8111
info@maudefinancial.com

A Guide to Buying Your First Home

Despite the many challenges that young Canadians face, home ownership remains a goal for most. We cannot overstate the importance of being fully prepared for the purchase of your first home and understanding the real costs associated with home ownership.

Here are a few tips:

1. **See what it will cost**
   Look at home prices in your desired location and be realistic about what you can afford. Purchase price is just one part of the equation - legal fees, in addition to monthly expenses like property taxes, CMHC fee, insurance, utilities and maintenance are all costs that need to be considered.
   Figure out what your top priorities for a home are and what you can comfortably live without. This will help to keep you financially grounded since adding more "wants" tends to add to the cost.

2. **Save for your down payment**
   The greater your down payment is, the less your interest payments will be in the long run. Additionally, a 20% down payment will avoid the CMHC insurance fee that is otherwise added into your monthly expenses. This fee, depending on the purchase price, can amount to thousands of dollars.
   Consider setting up a dedicated home buying fund and putting aside money from every paycheque. Add to your fund with tax refunds and any bonuses or gifts you receive. You may be able to negotiate a personal loan from parents or a family member to pad your down payment.

3. **Learn about government help**
   Under the Home Buyers Plan (HBP), you can withdraw up to $35,000 tax-free from your Registered Retirement Savings Plan (RRSP) through the HBP to put towards your new home. This amount is repayable in instalments back into your RRSP over 15 years. **It is important to be aware that this option can negatively impact your retirement income.** When you take out any amount from an RRSP you lose out on the growth from that amount, which can be significant over time.
   Under the First-Time Home Buyers' Tax Credit, new homeowners can claim a non-refundable tax credit of up to $750 to cover closing costs.

4. **Explore your mortgage options**
   When shopping for a mortgage, there is more to consider than the rate. That is why it is so important to seek help from a professional. For example, a flexible mortgage that allows you to make prepayments that can help you pay off your mortgage sooner, thus saving on interest costs.
   Whether to have an open mortgage or a fixed rate is a personal decision based on your situation. If the possibility of rising interest rates makes you nervous, a fixed rate may be a better choice.

5. **Get pre-approved**
   Before applying for a mortgage get pre-approved, whereby your lender will let you know how much it is willing to loan and the estimated cost of your payments. Be aware that the lender does not consider the added costs of legal fees, moving, possibly purchasing appliances or any renovations you need to do. It is important to note that buying a home at a price too close to the limit set by your lender does not allow for those expenses. Keep in mind that it is safest not to commit to the maximum loan allowance. Living below your means is always our advice.
   One more note: a mortgage pre-approval does not guarantee that the lender will grant you the mortgage. When it comes time to make an offer on a home, always insist on the condition of financing. If your financing falls through, this will protect you from losing your deposit or being sued by the seller.

6. **Don't shop alone**
   Knowing what to expect when making a big decision can make it easier. A team of experts including a financial advisor, mortgage professional, and building inspector can help you work through your options to ensure that you are making the best purchase possible.

Reference: Solutions for Financial Planning