



Second Quarter Update 2021

Equity markets continued their rise in this last three months, and Canada has led the way. This is quite a rare occurrence – every 8 or 9 years, the Canadian market leads the world, usually based on commodities. That is exactly what has happened this time around, with the increase in oil prices.

Our portfolios are not weighted heavily in Canada or energy. Those factors have resulted in excellent performance from 2014 until now. Our portfolios have moderately underperformed in this last quarter, that is to say that they have yielded positive returns but have not quite reached the same heights as the benchmark in most cases. However, our managers do not chase short term performance and are comfortable with the current status of their funds' holdings.

I have been following some energy pundits and the report from the International Energy Association. The report indicates that oil demand will peak by 2030 and then drop off significantly as the world strives for zero emissions by 2050. Oil and gas companies' shares are priced by earnings as well as their reserves in the ground. More and more I hear analysts talking about stranded assets, which in the energy sector means known assets that will never be extracted due to diminished demand and a conscious global effort to end our dependency on fossil fuels.

Interest rates (bonds) have stabilized this quarter after rising significantly in the first quarter of 2021. This means that bonds are still a drag on balanced portfolios year-to-date. The U.S. and European stock markets are also up, but the increase in the value of the Canadian dollar muted returns from those markets. Our dollar peaked at slightly over 83 cents U.S. before dropping to about 81.17 cents U.S. as of July 2.

Despite some headwinds, the equity portions of our balanced portfolios helped returns reach about 5% for the first half of 2021.

	Market	Dec 31/20	Jun 30/21	YTD
Canada	TSX	17433	20165	15.67%
U.S.	DOW	30606	34502	12.73%
U.S.	S&P 500	3756	4298	14.43%
U.K.	FTSE	6461	7037	8.92%
France	CAC	5551	6508	17.24%
Germany	DAX	13719	15531	13.21%
Japan	NIKKEI	27444	28792	4.91%
Canadian \$		78.57	80.64	2.63%
Oil (US\$)	WTI	48.52	73.35	51.17%
Western Canadian Select	WCS	33.17	59.40	79.08%

**Source: CNN Money

Giving Back

The past year and a half has been challenging for everyone for so many different reasons. Many have experienced financial hardship or suffered illness because of the pandemic. We have all had to adapt to changes in our support systems and daily activities. One of the things that we have missed most in our work here at Maude Financial Inc. is in-person client meetings. In a typical year, we would usually make several trips to see groups of clients within Alberta. Since we have not been able to travel, we felt it was important to put our travel savings to good use, and have donated to the following organizations:

- Wetaskiwin Salvation Army Food Bank
- Leduc & District Food Bank
- Wood Buffalo Food Bank Association
- Drayton Valley Community Food Bank

Stay safe everyone! We look forward to being able to meet with you again soon.

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

The National Child Care Plan: A Driver of Economic Growth

The COVID-19 pandemic has exacerbated existing social and economic inequalities in our country, and across the globe. It has had a disproportionate impact on women:

- Women's employment is concentrated in the service sector, which was the hardest hit industry in terms of job losses during the pandemic;
- They have shouldered most of the burden of homeschooling, caregiving and other unpaid labour resulting from the pandemic and related public health measures;
- Women make up almost 80% of single parent households, which compounds the pressure of needing to provide for their families while also needing to take on homeschooling and caregiving responsibilities.

Since February 2020, almost 100,000 women have left the labour market entirely, compared with fewer than 10,000 men, meaning they are no longer seeking employment. The figures are even more pronounced for parents of younger children: 12 times as many mothers as fathers left their jobs to care for toddlers or school-aged children. Parents, and many mothers in particular, are not able to participate fully in our economy without access to child care. The pandemic has made clear what the research has previously shown – that child care is critical to allowing women to participate fully in the workforce. The federal government has announced plans to develop a Canada-wide early learning and child care plan that would ensure families have access to high quality, affordable, flexible child care wherever they live. They have recognized that “investing in early learning and child care offers a jobs-and-growth hat trick: it provides jobs for workers, the majority of whom are women; it enables parents, particularly mothers, to reach their full economic potential; and it creates a generation of engaged and well prepared young learners.” (*Budget 2021: A Canada-wide Early Learning and Child Care Plan, Department of Finance*)

A long-term investment in early learning and child care for all Canadians will support economic growth, and we have a Canadian example to prove the point. Low-fee child care has been available in Quebec since 1997. Prior to that time, women's participation in the workforce in Quebec was 4% lower than the rest of Canada. Today, their participation 4% higher than in the rest of Canada, and if the rest of the country caught up, it would add approximately 240,000 workers to our nation's labour force. These workers would contribute to society through their productivity, spending and income taxes. They would also have additional capacity to save for their retirement through mandatory contributions to the Canada Pension Plan and personal investments. In the long run, it is estimated that increasing the workforce by 240,000 would increase the GDP by up to 1.2%.

Speaking from personal experience and conversations with other parents of young children, child care was a major source of stress even before the pandemic. Finding quality care can be time-consuming and wait lists are very common. The availability of child care varies hugely between communities, as does the cost. In 2020, the median monthly fees for a toddler were \$950 in Edmonton, \$1,250 in Calgary, and over \$1,500 in Toronto. In Quebec, it was \$181. Unaffordable fees and lack of availability mean difficult choices – or no choices at all – for working parents. It is by no means unusual for women to scale back their employment or step out of the workforce entirely either because they could not find proper child care or the cost ate up most if not all of their earnings. Every time this happens, even temporarily, families have less income to spend and save, and women lose out on valuable experience and work opportunities.

After a very challenging year and a half, Canada is slowly moving towards economic recovery. However, we need to make sure no one is left behind. Funding accessible, affordable and quality child care provides a foundation for *all* parents to participate in the workforce and contribute to economic growth. Women should not be forced to choose between work and family, nor should they have to sacrifice the opportunity to earn an income and reach their full potential just because they are seen as the default caregivers. A national child care plan is not just about kids – it is about pushing for a more equitable society.