

Good Morning,

As we move forward into September, it's time to prepare for sending the kids back to school.

As the price of tuition continues to rise, we understand this can be a stressful time of year for parents. If you're looking for more ways to save for your child's post-secondary education, our September blog has "Everything You Need to Know About RESP's".

The RaeLipskie team is happy to help answer any questions on RESP's and if this plan is right for you.

We hope you have a wonderful day!

Don't forget to follow us on [Facebook](#), [Twitter](#), and [LinkedIn](#) to stay up to date with the latest financial trends and The RaeLipskie Partnership news.

Sincerely,

The RaeLipskie Partnership Team

Random Gleanings

Mark down **August 16** for the S&P 500's latest record. That's the day the bull market doubled from its COVID low on March 23, 2020 in the record time of 353 trading days. Quite something during a pandemic, especially given that most doublings have taken several years to transpire. On receiving this award, the market would like to thank the easy fiscal and

monetary policies and, of course, the massive corporate profits recovery for its success.

Such a move certainly helps confidence since **households directly own 38% of the stock market**. Indirectly, through mutual funds, exchange traded funds and pension funds, the public is exposed to a further 37%. This means that governments, for their self preservation, need to be wary of policies that would harm market values. Famous last words.

The technology sector has been a big part of market gains and an even larger part of this statistic: The number of employees in S&P 500 companies needed to generate **\$1 million in revenues** has dropped from eight in the mid 1980's to just over two in 2020. That's called productivity.

To extend this thought a little, CNBC reports that in the first quarter of this year Amazon generated \$837,000 in revenues **per minute**, 24/7. Apple came in second at \$700k followed by Google at \$350k, but you get the picture. The tech world thanks all of us for our patronage.

And to show how we spend those dollars and minutes, Statista reports that **every minute on the internet** we: spend US\$1.6 million on purchases, download 5,000 Tik Tok videos, send 198 million emails and tell 695,000 Instagram stories. Along with lots of other equally impressive actions. Aren't we amazing?

Surprisingly, we still found time for an exceptional amount of **golf** last year. Golfers played 15% more rounds of golf in COVID 2020 than in 2019, a record rate of growth for the game. We don't know where that golfing time came from, but it is interesting that it coincides with the work from home phenomenon. Coincidence? We wonder.

We aren't sure, but golf might be better for you than **video games**. It is interesting to note, though, that the age demographic is similar for both with Statista reporting that the average age of video gamers is a surprising (to us) 31 and that 80% of gamers are over 18 years of age. So much for our picture of teenagers huddled around bright screens in a dark basement.

If those gamers, regardless of age, are really good you might find them one day at the **Serendipity 3 restaurant** in New York City. That's because they would be among the few who could afford the prices, including a \$295 hamburger and, the latest, \$200 French fries. Maybe the price is reasonable as the description includes champagne, edible gold and

truffles. Still, it brings a new meaning to the eternal question: Do you want fries with that?

On this day... June 24, 50 years ago..., Fred Smith started up a new company using family and borrowed money. Shortly after, losses were mounting so Fred took his last \$5,000 to Vegas and came home with \$27,000, saving the company for a few more days. The company, Federal Express, survived and eventually prospered to the extent that its shortened name, FedEx, became both a noun and a verb and its market value reached today's \$70 billion with over 650,000 employees. Fred is still the company's Chairman and CEO, another billionaire worth every penny.

Did you know... that a Fraser Institute study claims the average Canadian family spends more on taxes than on the necessities of life - the total of food, shelter and clothing? Do you want to see a list of all the taxes... income, sales, property, fuel, excise etc.? Didn't think so.

We can't let this section end without a comment on **Salvatore Garau**. Salvatore is a 67-year-old Italian who has, shall we say, taken advantage of the frenzy in the art market for various forms of digital art. His work is an invisible sculpture titled *Io Sono (I Am)* made from "air and spirit" which he sold for US\$18,000. He claims it exists, just not in material form. Sounds perfect for a small space.



Monthly Market Data & Commentary

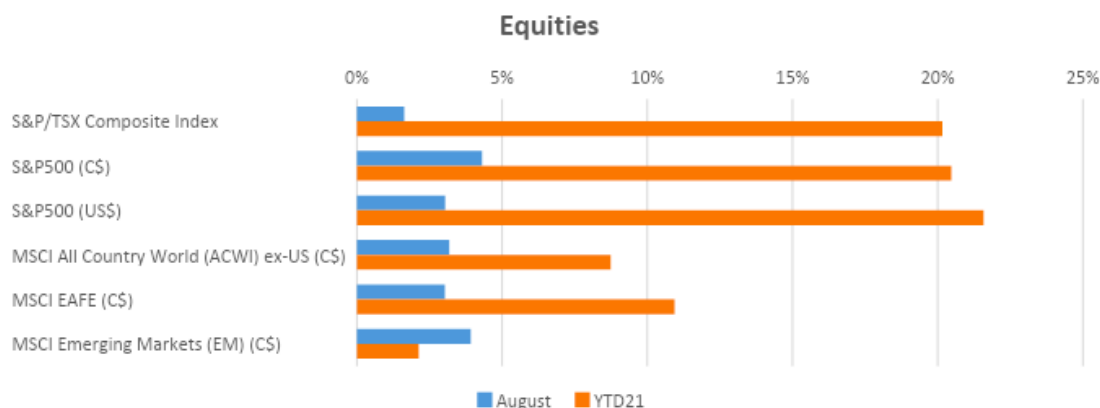
The Streak Continues

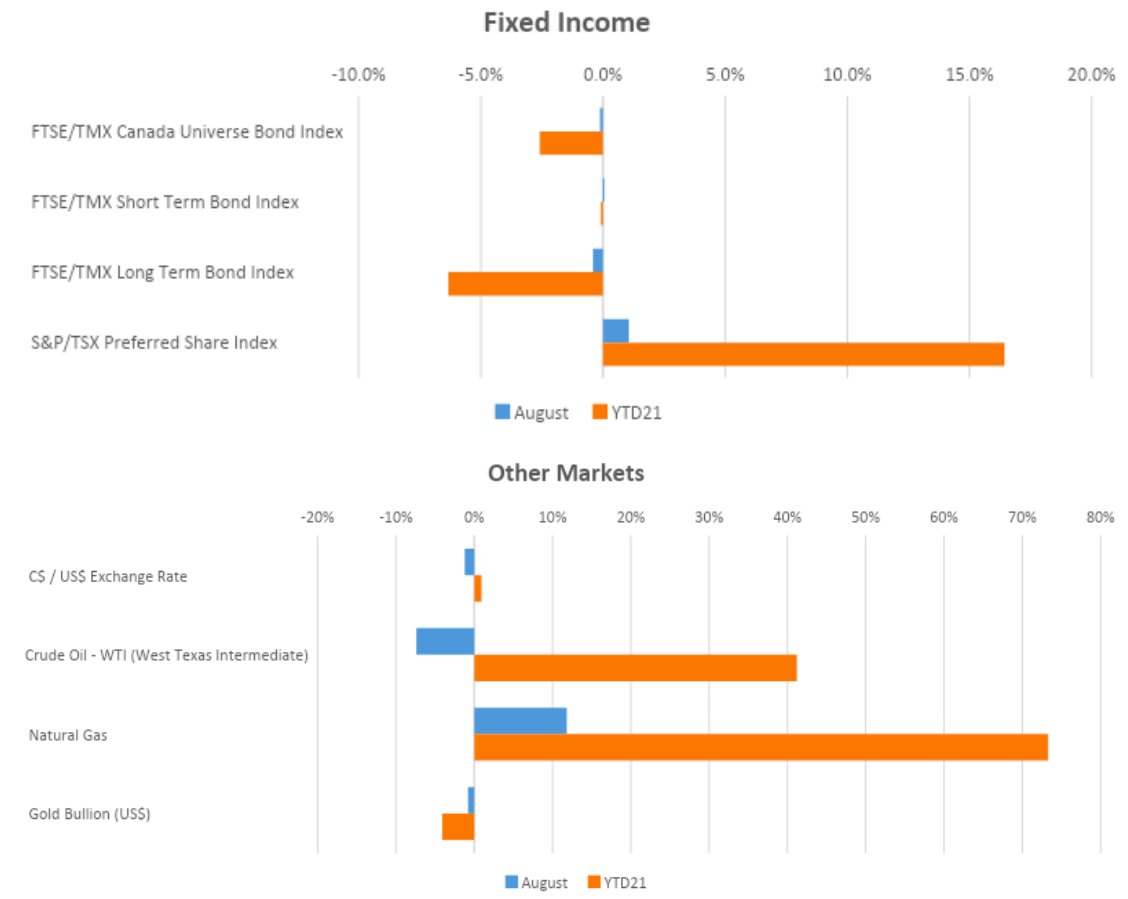
Despite a mid-month dip on short-lived concerns around the timing of bond purchase-tapering by the Federal Reserve, equity markets posted another month of gains in August, marking the seventh straight month of gains. Even the announcement of a snap Federal election couldn't dissuade the Bulls. That's the longest winning streak since the ten-months that ended in Jan 2018. Election news aside, the month saw the widely followed Purchasing Managers Index (PMI) roll over, and inflation stats notch up. The key U.S. Manufacturing PMI index softened by 1.1% in July, to a 59.5% reading. Don't interpret that as economic weakness however, as any reading above the 50% neutral level is considered expansionary. More important is that most manufacturers and their suppliers noted that they

continue to see increased demand levels, so much so that they are struggling with long lead times, materials shortages and inadequate labour supply. Some of those trends have also been finding their way into the inflation readings which remain high, and seem to be increasingly embedding more than just the “base effect” impact of comparisons to the previous year’s low levels. Canada’s July headline CPI posted a 3.7% advance on a year-over-year basis.

The 1.6% advance in the S&P/TSX Composite Index in August brings the year-to-date gain (total return) to just over 20%, in line with the S&P500 in Canadian dollar terms and only slightly behind that broad U.S. index in US\$ terms (+21.6%). Robust corporate revenue growth and profit margins have been boosting earnings expectations and providing fuel for the equity markets, although the largest absolute gains in year-over-year percentage terms may now be behind us. Interest rates remain largely range-bound of late, holding at the lower end of their 2021 range.

Monthly Market Data	For the month of:	Aug-21
	August	YTD21
Equities:		
S&P/TSX Composite Index	1.63%	20.16%
S&P500 (C\$)	4.31%	20.47%
S&P500 (US\$)	3.04%	21.58%
MSCI All Country World (ACWI) ex-US (C\$)	3.18%	8.74%
MSCI EAFE (C\$)	3.03%	10.94%
MSCI Emerging Markets (EM) (C\$)	3.92%	2.13%
Fixed Income:	August	YTD21
FTSE/TMX Canada Universe Bond Index	-0.12%	-2.59%
FTSE/TMX Short Term Bond Index	0.06%	-0.09%
FTSE/TMX Long Term Bond Index	-0.41%	-6.33%
S&P/TSX Preferred Share Index	1.06%	16.43%
Other Markets:	August	YTD21
C\$ / US\$ Exchange Rate	-1.22%	0.92%
Crude Oil - WTI (West Texas Intermediate)	-7.40%	41.20%
Natural Gas	11.80%	73.30%
Gold Bullion (US\$)	-0.80%	-4.10%





The Learning Corner

Is your Tesla green?

It would seem the obvious answer to this question is a resounding yes. Environmentalists praise electric vehicles (EV's) of all brands as a critical part of de-carboning; governments pave their way to growth through attractive subsidies; and owners bask in the reflection of their eco-purity. But it also seems there are growing questions, difficult to answer, about the true level of green that EV's provide, especially when it comes to their bulky batteries. Mr. Mark Mills of the Manhattan Institute and Northwestern University, attempts to answer some of these questions in an article for techcrunch.com.

In comparing EV carbon emissions to ICE (internal combustion engine) vehicles, the EV produces none in driving while the ICE produces just about all in burning the fuel to drive. EV-related emissions come in relatively small part from production of the electricity but there can be a big

impact with power sources ranging from coal (lots) to hydro (little). In very large part they come from the battery manufacturing process and the heavy reliance on the mining of the metals involved (embedded emissions). Several quoted studies produce a range of 8 – 20 tons of CO₂ to make a battery with the upper end of the range equivalent to a lifetime of ICE driving.

The mining process imposes a huge carbon penalty on EV's. A 1,000-pound battery contains about 500 pounds of a combination of lithium, cobalt, nickel, graphite and copper which, together and on average, require around 50 tons of ore to be mined and 250 tons of overburden to be removed. Depending on mine location, there could be a further carbon transportation penalty. Of course, bigger batteries for the holy grail of longer range just add to the carbon debt. Further, if government EV mandates come to pass, it is estimated that battery production will demand 70% of all cobalt mined, 60% of nickel and 50% of copper, leaving big questions of where these minerals will come from and at what price.

A definitive answer to our original question is elusive as the technology advances and the production processes are often opaque and proprietary. It is expected, though, that the SEC will eventually require corporate reporting on embedded emissions which will open the whole EV sector to rigorous analysis. Perhaps by then, as the author suggests, ICE products will be much more efficient and definitely competitive on the green front. One thing is sure: there is no free lunch when on the road to green.



The Big Picture

While there was no shortage of negative headlines over the past three months, the bull market continued with the TSX up over 4.5% over that time and the US up over 7%. Whether it was the tragic geo-political crisis in Afghanistan, China's intervention into its economy, the Delta variant, or consumer sentiment figures disappointing in North America, dour sentiment prevailed.

Yet none of this was able to veer markets off course as they continued to make higher highs. This illustrates an important point to us and one that we often like to hammer home: Fears are ever present, but widely known fears are unlikely to impact markets. Instead, they serve to dampen

sentiment and reduce expectations – lowering the bar reality must clear to positively surprise.

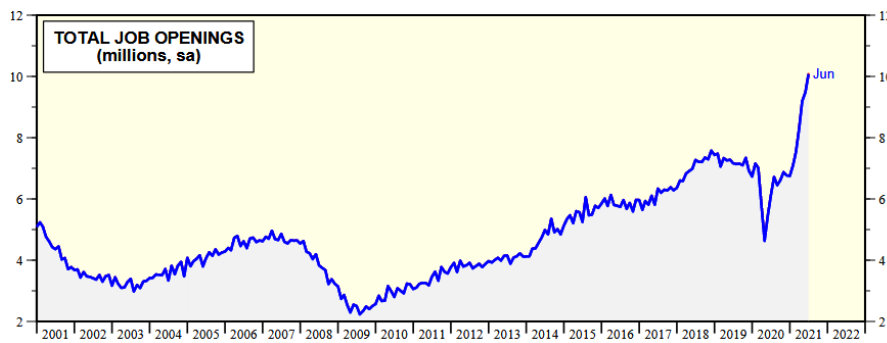
The press seemed to key in on the consumer sentiment figures released late August where The University of Michigan's US Consumer Sentiment Index fell 13.5% month over month which was the third-largest monthly decline on record. The overwhelming factor weighing on the sentiment was obviously the Delta Variant. However, sentiment surveys don't predict the future – they are coincident indicators at best. We took a look at the last time this indicator fell to similar lows which was August 2011. At that time, the US credit rating was downgraded and Greece's problems were thought to mark the collapse of the Eurozone. When those dire predictions didn't turn out, stock marched higher and climbed the proverbial "wall of worry."

Amidst all the negative headlines it's important to keep perspective. Profit margins in both the US and Canada are quite strong and have set record highs. The S&P500 revenues in the second quarter of 2021 beat expectations by over 5% which was the most on record. We continue to see an attractive value proposition of the stock market when pitted against the bond market while appreciating the role bonds play in portfolios. Remember, negative headlines will always prevail (positivity just doesn't sell). Just don't let those negative headlines veer you off course from your investment plan and make your goals that much harder to achieve.



Charting Our Times

The Labour Paradox



While unemployment rates in both Canada and the U.S. are sharply lower than their pandemic highs, they remain stubbornly above their pre-pandemic levels, despite the overall GDPs in both countries having recovered to their previous highs. This is occurring while total job openings are at record highs, indicating a noteworthy disequilibrium in labour markets. While retirement is the largest contributor to reduced labour force participation, other variables may include hesitancy of workers to return to covid-exposed occupations and child-care stresses, among other pandemic-induced influences. However, a recent survey by the job-search service, Indeed.com, found that the biggest reason that unemployed workers are not currently searching for work is because their “financial cushion” has reduced the urgency to return to work. In other words, government support programs have distorted the labour market dynamics by producing a savings glut. The outcome of this is seen in stories about employers using competitive hiring practices (hiring bonuses, poaching, etc) or curtailing hours, especially in the retail and food services industries, as they desperately attempt to ramp up their hiring.

Everything You Need to Know About RESPs



A Registered Education Savings Plan (RESP) is a savings account to help parents save for their child's post-secondary education. As the cost of college and university continues to rise, an RESP is a great opportunity to save now and plan for the future.

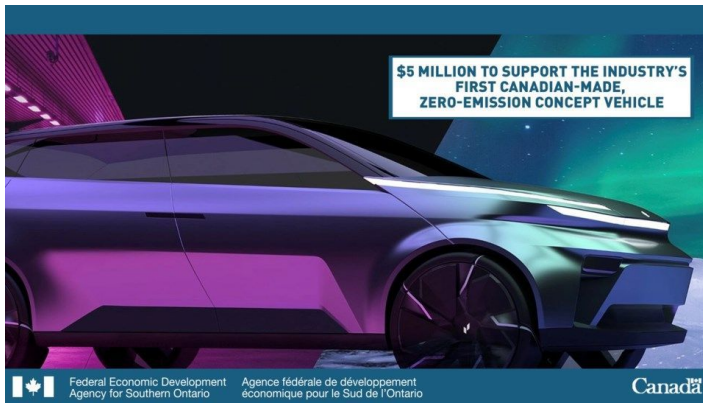
Read more [here](#).

In The News

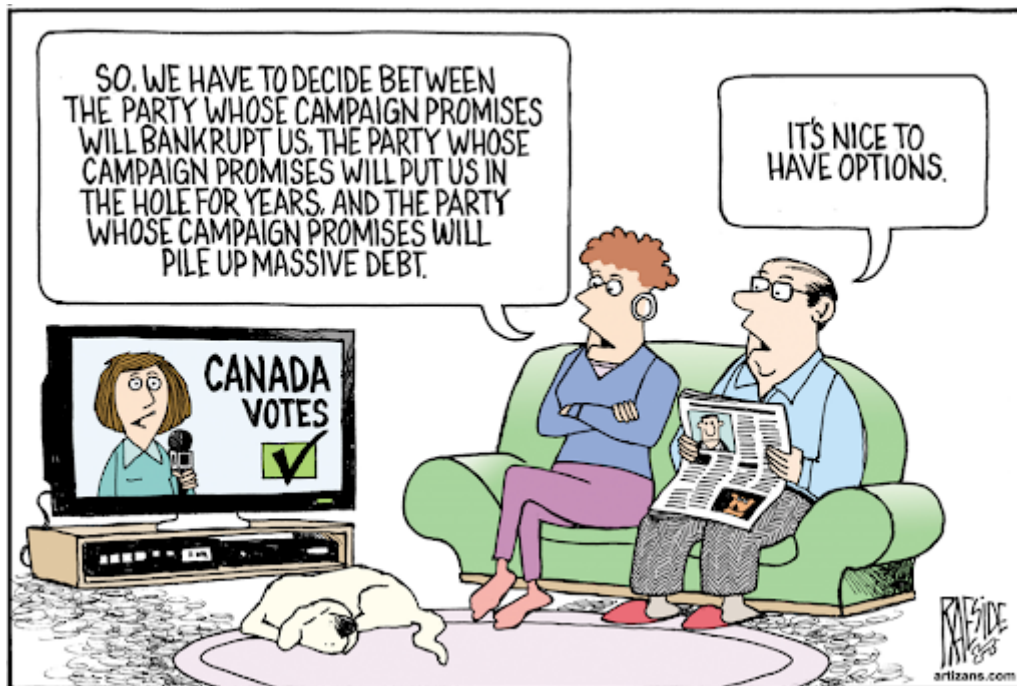


Canada's economic reliance on SMEs has led to the government investing funds into helping them bounce back from COVID-19 hardships as well as plan for development and expansion. Read more the Financial Post [here](#).

The government of



Canada is investing in the first made-in-Canada electric vehicle. The project is aimed at building the first Canadian-made, zero-emission concept vehicle. Read more from BradfordToday.ca [here](#).



Around The Office

In recent months, RaeLipskie has been encouraging our clients to transition to our RaeLipskie Portal – an efficient online tool that provides quick access to your accounts and holdings, quarterly reports, etc. Many clients have now made the switch and are appreciating the ease of use that the RaeLipskie Portal is providing them!

As you may not be aware, National Bank Independent Network (NBIN), the custodian for many RaeLipskie client assets, will soon be implementing a small environmental fee for the delivery of paper monthly statements and trade confirmations. If you would like to avoid these future charges, your account settings on the NBIN Portal can be changed from paper to electronic delivery.

Please contact your RaeLipskie team anytime to assist in registering for the RaeLipskie Portal and adjusting your NBIN Portal settings.

In Our Community



At Kitchener Waterloo Community Foundation (KWCF), we know the importance of coming together to address our community's most pressing needs. Gifts made to KWCF are invested in an endowment fund, providing a permanent source of funding for our community – it's like the gift that keeps on

giving! Each year, the income earned is distributed through grants to support a wide range of charitable causes in Waterloo Region. Learn more [here](#).

QUOTE OF THE DAY

You can think about this meeting that we had as the `talking about talking about tapering meeting` if you like.

Federal Reserve Board Chairman Jerome Powell in response to a question about tapering (reducing) monetary stimulus, June 16, 2021.

We Are

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