



MARKET UPDATE

The second quarter of 2019 had a little bit of everything. After a bleak month of May, markets found their forward momentum once again and finished the quarter in the black. The most popular explanations for dips through a rickety few months included trade wars and interest rates. Toward the end of the quarter, there were additional concerns as the Iranian regime exchanged bombastic rhetoric with the U.S. administration.

Canada

The Canadian stock market is now up 14.4% for the year as our economy continues to post nominal growth with low inflation while maintaining accommodative monetary policy. Unemployment remains low and much of the trade angst that afflicted markets in May seems to be in the rearview mirror for now. Some of the better returns have come from energy and surprisingly gold which has been stubbornly sluggish for years. The spot gold price is up 9.9% for the year.

United States

In the U.S., the main driver for the markets has been interest rates. This time last year the market was unhappily digesting the prospect of multiple interest rate hikes in 2019, 180 degrees later, we are staring at the prospect of multiple rate cuts for the year potentially starting in July. With the economy humming along without any material threat of inflation thus far the Federal Reserve has clearly become more dovish- with some encouragement from the Whitehouse. The U.S. stock market as measured by the S&P 500 index is now up 17.3% for 2019 (12.7% for those of you invested in Canadian dollars).

Overseas

Overseas markets have also fared well in spite of the fact many economists feel as though global growth may be slowing. The MSCI EAFE (Europe Australia and the Far East) has grown 11.8% since the beginning of the year in local currency terms.

Going forward it does appear the lower rates are in store for the U.S. economy as the Federal Reserve wants to avoid choking off growth. The Canadian central bank is loath to raise interest rates right now because of our household debt

levels (at record highs) and because a strong loonie will make our exports more expensive. If the U.S. continues on their aggressively accommodative path the bank of Canada may be forced to follow suit to some degree. All that may be bad news for GIC investors but potentially good news for bond investors.

The markets have had a very strong run through the first half of 2019, and we do expect that there will be some more volatility in coming months. Potential headwinds could be an increase in inflationary data that leads to another FED reversal, and/or a further deterioration in trade relations between the two largest economies in the world. An escalation in tensions between the U.S. and Iran could have serious geopolitical consequences as well. Although there are events (and tweets) that cause ripples in the market, the effects are typically fleeting. In the end, returns will depend on the economy and corporate profits both of which have remained steadfast.

HEALTH CARE & AGING

These were the two tough topics addressed in our May seminar at Willow Springs. Our panel of experts included:

Karen Henderson, Hon. BA, CPCA, Founder/CEO Long Term Care Planning Network

Charlene Brown, B. Sc., Director of Home & Community Care, Central Local Health Integration Network (LHIN)

Karen Gayman, CEO Parkview Services for Seniors – a community serving Seniors since 1965





For those of you who weren't able to attend and even for those who were, below is a summary which touches on the hot points of the evening.

The Central LHIN (Local Health Integration Network) plans, funds and integrates the local health care system, and provides home and community care services for the people living in northern Toronto, parts of Etobicoke, and most of York Region. The individual in need of assistance or the person responsible for their care need only to call the LHIN and begin the process. There is a rigorous evaluation process based on the individual's needs and wants and waitlists can be long. The LHIN works with other community partners to try and accommodate the vast array of needs but the point is to not wait until your parent or loved one is in crisis.

Emphasis was placed on the reality that the government can only offer assistance to a plan that is already in place. There is not the funding or capacity for anything more. Health care and housing must be considered in every financial plan and education and research are paramount. Start early and learn as much as possible about how our healthcare system works. You need to understand options if you are to benefit from them.

We were also encouraged to think "outside the box". Alternative ideas of living for seniors were introduced such as co-housing, an intentional community of private homes clustered around shared space & amenities. Alternatives to current models need considered as the capacity and cost of current options can be prohibitive.

Do your research, understand, and plan ahead to optimize your care and well-being. It is important to get plenty of exercise, practice excellent self-care and account for the costs of aging in your financial plan. Start the conversation now with parents/children/loved ones. Don't be afraid. If you plan ahead you will be better prepared whether you are in need of care or become a caregiver.

The link www.centralhealthline.ca provides a great list of resources; choose a region then seniors. If you'd like a copy of "A Guide to Programs and Services for Seniors in Ontario," please let us know.

The link to view the May seminar can be found on our website: www.watermarkfinancial.ca.

SUMMER FUN

Summer beckons us to get off that treadmill and escape and explore while temperatures soar and the sun shines. Jamey's RV'g days may be over (remember his East Coast adventures of last year) but visiting our beautiful country is still at the top of his list. Jamey and his family are heading West this summer, taking the kids for the first time to the B.C. coast. Deborah is heading to a waterfront resort for nothing but rest and relaxation while Kelly spends weekends at her place near Algonquin entertaining family and friends and pulling happy kids on tubes and water skis. Dave is moving to a new home in Stouffville – the new home part is wonderful, the moving part not so much. This makes his commute to both the office and the golf course much easier. Sandy Esposito's schedule is loaded with organization and preparation for the arrival of her first grandchild. Sandy and her husband, soon to be Nonna and Nonno, are expecting their first grandchild (boy or girl we don't know) in the fall. We wish summer fun to all of you and look forward to you sharing your stories.

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TFSA Limit for 2019: The limit for 2019 is \$6,000. Unused contribution room may be carried forward.

Principal Residence: reminder that the sale of your principal residence must be reported on your tax return. You will need to report the date you acquired the property, proceeds from the sale and a description of the property on Schedule 3.