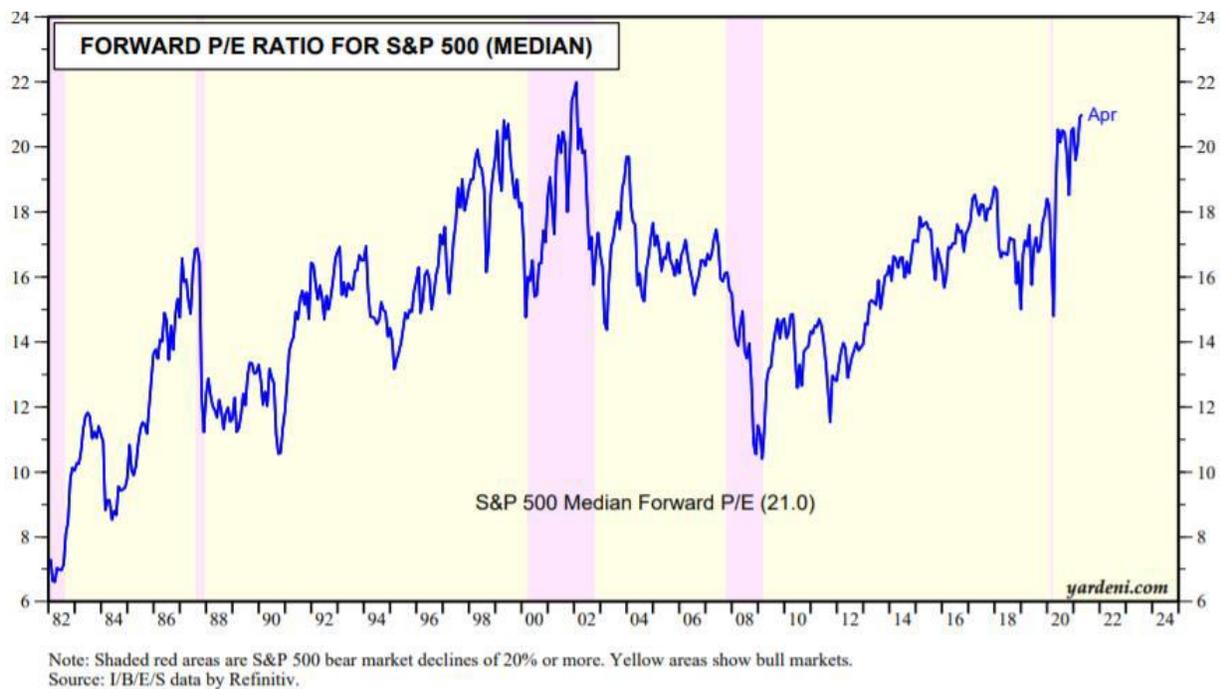


## June 2021 Commentary

Stock markets continued to move higher in June with the S&P 500 (CAD) rising 5.06% bringing the index up 6.42% for the second quarter. The TSX Composite, rose 1.84% in June closing out a strong quarter up 7.91%, primarily off big gains in energy companies. There was not much news for the markets to digest this in June except for the regular 6-week meeting of the US Central Bank (The FED). These meetings are for the discussion of economic policy and how the FED will act with respect to interest rates and the buying of US Government Bonds. The market was awaiting word on both of these items. While there was no clear consensus, it appears that Jay Powell the head of the FED will continue on the current path of lower rates for longer and continued bond buying at the current pace. They cited the still high unemployment numbers as key reason for holding the course. The equity markets reacted favourably to this news. While this news gives investors confidence, the result is that stock valuations as measured by the Forward Price/Earnings ratio (the price we pay to buy \$1 of future S&P 500 earnings) are rising again. As this chart below from Refinitiv shows us the median P/E ratio for US stocks is approaching levels not seen since the technology bubble in 2000.



It appears the FED is likely early in repeating past mistakes (1999/2000, 2007/2008, and 2019/2020) where they provide easy monetary policy for too long and then decide to tighten too late. With equity valuations approaching all-time highs and economies re opening, we believe they should currently be taking their foot off the accelerator. Nonetheless, both bond and stock markets remain happy with the current policy so stocks should continue to move higher. In our public equity pools, Northgate and Springfield we are seeing a bit of divergence in approach. While Northgate is remaining fully invested in equities, the Springfield Equity Pool has exited a number of positions in the past month and has not made new purchases to equities. The manager is looking for a short-term, moderate pull back in prices to put this money back to work. On the defensive side, we continue to hold private debt and private real estate which have continued to provide consistent income with almost no volatility. The result is well diversified portfolios that are providing strong returns with minimal drawdowns from short term noise in the markets.

#### Disclaimer

I have prepared this commentary to give you my thoughts on various investment alternatives and considerations which may be relevant to your portfolio. This commentary reflects my opinions alone and may not reflect the views of Harbourfront Wealth Management. In expressing these opinions, I bring my best judgment and professional experience from the perspective of someone who surveys a broad range of investments. Therefore, this report should be viewed as a reflection of my informed opinions rather than analyses produced by Harbourfront Wealth Management Inc. This presentation/commentary does not constitute an offer to buy or sell any securities mentioned herein or solicitation to purchase these investment products, please seek advice from a professional when considering these products, including but not limited to a tax, legal and/or investment professional. All expressions of interest must be directed to Willoughby Asset Management Inc. ("WAM") or a Harbourfront Wealth Management Inc. ("HWM") Investment Advisor. WAM and HWM are both wholly owned subsidiaries of the same parent company, Harbourfront Wealth Holdings Inc. HWM has exclusive rights to sell WAM products. There are several risks associated with these product, including but not limited to liquidity risk, the risks are set out in greater detail in the Offering Memorandums for these products. Before investing please read the Offering Memorandums (Hyperlink) for these products. The advisor providing this presentation/commentary receives a financial benefit from selling WAM products, for more information on the fees and compensation related to the product please contact a HWM Investment Advisor for more details and read the Offering Memorandums for each product you are interested in.

*The comments and information pertaining to the Laurier Private Equity Pool ("The Fund") are not to be construed as a public offering or solicitation of securities in any jurisdiction of Canada. The offering of units of The Fund is made pursuant to the Offering Memorandum and only to accredited Investors or Investor Managed Account holders in Canadian jurisdictions. Important information about The Fund is contained in the Offering Memorandum available through Willoughby Asset Management.*