

Reserve Fund Monthly

June 30, 2021

Our monthly bulletin for condo boards, property managers, and others involved with the management of residential and commercial condominium reserve funds

Fixed Income Rate Sheet

*Decrease from last month
*Increase from last month
*No change from last month

High Interest Savings Account (can be used for operating account)	0.35%
High Interest Chequing Account (can write cheques/e-transfer)	0.15%
1 Year GIC Cashable after 30 Days	0.30%

Guaranteed Investment Certificates (GIC) Opportunities					
	1 Year	2 Year	3 Year	4 Year	5 Year
Annual Pay	0.95%	1.25%	1.55%	1.75%	1.75%
Monthly Pay	0.70%	0.85%	1.25%	1.45%	1.65%

Current Attractive Short Term Bankers Notes		
Issuer	Maturity Date	Yield to Maturity
Schedule 1 Bank	1 Month	0.13%
Schedule 1 Bank	2 Months	0.13%
Schedule 1 Bank	3 Months	0.13%

Featured Structured Solution of the Month

Condo boards must be more creative in today's ultra-low rate environment to earn a legitimate return on their reserve fund. Thankfully, there are structured products available, which offer principal protection, as well as equity market participation to help gain more meaningful returns in your reserve fund.

National Bank Canadian Insurance Companies Flex GIC

Finally, three months in a row we get back to seeing a market-linked GIC with 100% participation. This does come with a longer seven year term, but the National Bank Flex GICs can be sold at any time after the first year with no penalty. Principal is only guaranteed at maturity however, so the plan must be to hold it that long in the worst case scenario (could sell at a loss if the plan is to sell for an expected expenditure after say three years). Based on the Solactive Canada Insurance AR index, this GIC pays 100% of the positive price return of this index over the seven year term of the note.

Highlights:

- 7-year term
- Based on the Solactive Canada Insurance AR index
- Return calculated as 100% of the positive return of the underlying index
- Principal protected (at maturity) by National Bank and by CDIC (up to CDIC limit)
- 3.60% early trading charge to sell early, which declines by 30bps every 30 days until reduced to zero after 360 days. It is free to sell back to the bank after this time

Company	Ticker	Country	Currency	Index Weight (%)
Money Market Position				-0.01%
POWER CORP OF CANADA	POW CT Equity	CA	CAD	29.88%
SUN LIFE FINANCIAL INC	SLF CT Equity	CA	CAD	28.96%
MANULIFE FINANCIAL CORP	MFC CT Equity	CA	CAD	27.24%
GREAT WEST LIFE CO	GWO CT Equity	CA	CAD	13.93%

With interest rates currently volatile, there are a few added complexities to reserve fund investment planning. Please feel free to reach out if you have any questions.

For more detailed information on rates and other products/services offered to condo corporations, or to subscribe to *Reserve Fund Monthly*, please contact the writer.

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