

Reserve Fund Monthly

May 31, 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	0.93%	1.21%	1.50%	1.75%	1.89%
Monthly Pay	0.80%	1.00%	1.35%	1.65%	1.80%

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 Banks Flex GIC

Finally, two 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 an equally-weighted basket of 12 global equities, this note pays 100% of the positive price performance of these companies over the seven year term.

Highlights:

- 7-year term
- Based on the big five Canadian banks
- Return calculated as 100% of the positive return of the basket of stocks
- 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

Reference Asset name	Reference Asset ticker	Price Source	Closing Level	Reference Asset type	Reference Asset Weight*	Currency
Common shares of BCE Inc.	BCE	TSX	Closing price	Equity security	8.33%	CAD
Common shares of The Bank of Nova Scotia	BNS	TSX	Closing price	Equity security	8.33%	CAD
Common shares of Canadian Imperial Bank of Commerce	CM	TSX	Closing price	Equity security	8.33%	CAD
Common shares of Enbridge Inc.	ENB	TSX	Closing price	Equity security	8.33%	CAD
Common shares of International Business Machines Corporation	IBM	New York	Closing price	Equity security	8.33%	USD
Common shares of The Coca-Cola Company	KO	New York	Closing price	Equity security	8.33%	USD
Common shares of Verizon Communications Inc.	VZ	New York	Closing price	Equity security	8.33%	USD
Common shares of Sanofi	SAN	EN Paris	Closing price	Equity security	8.33%	EUR
Common shares of Allianz SE	ALV	Xetra	Closing price	Equity security	8.33%	EUR
Common shares of GlaxoSmithKline plc	GSK	London	Closing price	Equity security	8.33%	GBP
Common shares of Nestlé SA	NESN	SIX Swiss Ex	Closing price	Equity security	8.33%	CHF
Common shares of Roche Holding AG	ROG	SIX Swiss Ex	Closing price	Equity security	8.33%	CHF

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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