



**Canadian Centre for
Christian Charities**

Supporting ministries in a complex world

retirement

PLAN REVIEW

Q 2 2 0 2 2

Contents

PERFORMANCE SUMMARY

**YOUR INVESTMENT FUNDS +
INVESTMENT STRATEGY**

UNDERSTANDING INVESTMENT RISKS & VOLATILITY

READY TO RETIRE

MARKET REVIEW

Access newsletters online:

Canadian Centre of Christian Charities has access to Proteus' website where you can view current, and past newsletters and performance summaries.

There is also a link to your administrator's website, which provides the latest tools and calculators to learn more about retirement planning.

www.proteusperformance.com

User ID: CCCC-Member | Password: pension

PERFORMANCE SUMMARY



INVESTMENT STRATEGY

Capital Markets are unpredictable over short time periods and a well-diversified portfolio will help protect your capital over the long-term. Successful long-term investors do not focus on poor performance in any given year – they review their strategy and make sure it is well aligned with their long-term objectives. Completing a ‘Risk Profile’ will help to determine the type of investor you are. If you are unsure of the best strategy for you, you should seek independent professional advice before making your investment decisions.



Learn more at Canada Life’s website:
ssl.grsaccess.com

| Period Ending June 30, 2022 | | | | |
|--|--------|--------|--------|---------|
| | 1 Year | 3 Year | 4 Year | 10 Year |
| Balanced Funds | | | | |
| Jarislowsky Fraser Balanced | -11.9 | 2.2 | 3.4 | 7.3 |
| <i>JF Balanced Benchmark</i> | -8.5 | 3.1 | 3.7 | 6.2 |
| Mackenzie SRI Balanced | -4.9 | 3.3 | 3.8 | n/a |
| <i>CCCC SRI Balanced Benchmark</i> | -8.8 | 3.3 | 4.0 | 5.8 |
| Money Market Fund | | | | |
| MFS Canadian Money Market | 0.3 | 0.6 | 0.9 | 0.9 |
| <i>FTSE Canada 91-Day T-Bill Index</i> | 0.4 | 0.7 | 0.9 | 0.8 |
| Fixed Income Fund | | | | |
| MFS Canadian Fixed Income | -11.7 | -2.1 | 0.3 | 2.1 |
| <i>FTSE Canada Universe Index</i> | -11.4 | -2.3 | 0.0 | 1.7 |
| Canadian Equity Funds | | | | |
| Jarislowsky Fraser Canadian Equity | -11.7 | 4.1 | 4.5 | 8.6 |
| Mackenzie SRI Canadian Equity | 4.4 | 9.9 | 8.4 | 10.0 |
| <i>S&P/TSX Composite Index</i> | -3.9 | 8.0 | 6.9 | 8.2 |
| U.S. Equity Fund | | | | |
| MFS American Equity | -6.6 | 8.9 | 9.8 | 15.5 |
| <i>S&P 500 Index</i> | -6.9 | 10.1 | 10.0 | 15.6 |
| International Equity Fund | | | | |
| Sprucegrove International Equity | -15.8 | -1.3 | -0.9 | 7.1 |
| <i>MSCI EAFE Index</i> | -13.9 | 1.1 | 1.1 | 8.4 |
| Target Date Funds | | | | |
| Fidelity Clearpath Income Portfolio | -8.5 | 0.5 | 1.4 | 3.9 |
| Fidelity Clearpath 2020 Portfolio | -11.5 | 1.8 | 2.6 | 6.2 |
| Fidelity Clearpath 2025 Portfolio | -12.1 | 2.5 | 3.1 | 7.1 |
| Fidelity Clearpath 2030 Portfolio | -12.3 | 3.2 | 3.5 | 7.6 |
| Fidelity Clearpath 2035 Portfolio | -12.4 | 3.9 | 4.0 | 8.5 |
| Fidelity Clearpath 2040 Portfolio | -12.7 | 5.1 | 4.7 | 9.0 |
| Fidelity Clearpath 2045 Portfolio | -12.9 | 5.2 | 4.8 | 9.2 |
| Fidelity ClearPath 2050 Portfolio | -12.9 | 5.2 | 4.8 | n/a |
| Fidelity ClearPath 2055 Portfolio | -12.9 | 5.2 | 4.8 | n/a |
| Fidelity ClearPath 2060 Portfolio | -12.8 | 5.2 | 4.8 | n/a |

Your Investment Funds

Balanced Funds

Jarislowsky Fraser Balanced — Seeks to provide a balance of current income and long-term capital appreciation by investing primarily in a mix of Canadian and foreign fixed income and equity securities.

Mackenzie SRI Balanced — Provides a balanced return of capital growth and current income by investing primarily in equity and fixed income securities. The Fund invests in publicly traded Canadian and foreign companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

Money Market Fund

MFS Canadian Money Market — Aims to provide investors with a real rate of return. It's expected that virtually all returns will be derived from income. The Fund is suitable for clients with a low risk tolerance who have a very short investment time horizon.

Fixed Income Fund

MFS Canadian Fixed Income — Seeks to obtain interest income by investing primarily in Canadian fixed income securities.

Canadian Equity Funds

Jarislowsky Fraser Canadian Equity — Seeks to obtain long-term capital gains by investing primarily in Canadian equities.

Mackenzie SRI Canadian Equity — Provides long-term capital growth with moderate income. The Fund invests primarily in the shares of publicly traded Canadian companies that conduct their business operations in a socially responsible manner and show strong growth prospects; with some exposure to foreign companies that meet these criteria.

U.S. Equity Fund

MFS American Equity — Seeks to achieve capital appreciation investing primarily in large cap U.S. equities.

International Equity Fund

Sprucegrove International Equity— Creates a portfolio of 80 to 100 international stocks that overall have characteristics superior to a well known International Equity Index.

Target Date Funds

Fidelity ClearPath® Retirement Portfolios — A family of lifecycle funds actively managed and regularly rebalanced to provide investors with optimal risk and return for their investment time horizon. The portfolios seek to maximize growth opportunities early on to provide high total investment return, and gradually become more conservative with advancing age.

Understanding Investment Risks & Volatility

Given the recent fluctuations in the markets, it is important to understand three different types of risk that have materialized in the markets lately. These should be taken into consideration when making your investment selection:

Volatility

Volatility is the risk we normally associate with stocks or equity-type funds because the price of these investments tends to fluctuate according to market conditions. Despite these fluctuations, markets have historically rebounded. It is important to realize volatility is inherent in most investments and that over the long-term, typically the greater the volatility of a fund, the greater the potential for higher returns.

Interest Rate Risk

Interest rate risk is the risk associated with guaranteed type investments, such as guaranteed investment certificates (GICs) and bonds. When you purchase a GIC for a term of five years with an interest rate of 2%, you've locked in that 2% return for the five-year period. During that same period, if interest rates rise to 3%, you've missed out on the opportunity to earn a higher rate of interest. This is why the value of bond funds decline when interest rates rise.

Inflation Risk

Inflation risk is the risk that your investments and savings will not keep pace with inflation. Inflation risk is a way of measuring the actual purchasing power of your savings in today's dollars. If we return to the example of the GIC above, which is earning 2% when the overall rate of inflation in the economy is 4%, your real return is -2%, meaning your investment return is not high enough to maintain your purchasing power, lowering your 'real' wealth. Inflation risk applies to both guaranteed and equity-type investments.

It is very important that you select investments that have an appropriate risk level based on your individual circumstances. To assess how much risk is appropriate, you should consult a professional financial advisor and use the information and decision-making tools available through the record-keeper, including the investor profile questionnaire. It is also important to revisit these tools and your answers periodically to ensure they remain appropriate.

Steps to Consider Before Retiring

A bear market is defined as a prolonged drop in stocks, where the market declines by at least 20% from its peak. This past quarter, the US officially entered a bear market, and the Canadian market return was in the negative double digits. If you are within 5 years of retirement, the recent downturn may have you questioning whether you can afford to retire.

A simple way of determining whether you are on track is to first determine your expected cost of living. These expenses may include your monthly car payment, mortgage or rent expense, discretionary expenses, and other anticipated month-to-month bills such as groceries, medications, or recurring medical bills.

Next, compare your expected monthly expenses with your anticipated income from government programs, pensions and other investments. If your income is greater than your monthly expenses, you are on your way to a sound retirement. If you have a gap to close, below are some important suggestions that could help you on your journey.

1. Pay Down Debt

In retirement, your ability to earn additional income to cover debt payments is reduced and your health may limit your ability to work part time. If you do not want to carry your mortgage or credit card debt into retirement, you may opt to accelerate payments while you are still working.

2. Revisit Your Investment Strategy

You may have been willing to accept more investment risk at the beginning of your career compared to now. If you are closing in on retirement, determine whether your investments are within your risk tolerance. The average investor closing in on retirement will have a higher allocation to stable, income paying investments such as bonds.

3. Continue Saving

Create a monthly savings goal and see if there are any expenses you can cut from your current budget. Heading into retirement, many advisors recommend having at least 6 months of expenses available in cash, or a money market account, for unexpected events.

4. Seek Professional Financial Advice

To avoid costly mistakes, it is worthwhile to get qualified financial advice from a professional if you do not feel comfortable with making important investment and budgeting decisions yourself.



MARKET REVIEW

Canadian Equities

- Canadian equities declined -13.2% during the second quarter of 2022.
- All sectors within the S&P/TSX Composite Index provided negative returns this quarter.
- The top performing sectors were energy, utilities, consumer staples, and communication services, which remained the only major sectors that have generated positive one-year returns.
- The S&P/TSX Composite Index slightly outperformed the S&P 500 Index.

Foreign Equities

- World markets, represented by the MSCI World Index (C\$), and the U.S. market, represented by the S&P 500 Index (C\$), were down -13.3% and -13.4% respectively for the quarter.
- The MSCI EAFE Index (C\$) was down by -11.5%.

Fixed Income

- Global central banks accelerated their pace toward a neutral monetary policy stand through large interest rate hikes.

- The U.S. Federal Reserve raised its key interest rate from 0.50% to 1.75% during the quarter and anticipates further increases in the interest rate target range.
- The Bank of Canada increased its key interest rate from 0.50% to 1.50%.
- The 10-year U.S. Treasury yield rose 67 basis points (bps) to 3.01% while the 10-year Government of Canada bond yield jumped 82 bps to 3.22%.
- The yield curve continued to flatten, with the spread between the 30-year and 5-year U.S. Treasury yields inverting in June.
- During the second quarter, unemployment rates remained mostly unchanged for both the U.S. and Canada.
- Similar to the first quarter, elevated levels of inflation remained prevalent, as the U.S. reported its highest level of inflation since 1981.

A note about the performance summary:

Returns are shown before fees unless indicated. Past performance of a fund is not necessarily indicative of future performance.

Russell Investment Group (Russell) is the source and owner of any data, trademarks, service marks and copyrights contained in this material related to the Russell Indexes. Unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. Material is presented "as is" and Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in presentation thereof.

Any MSCI related information contained in the report is the exclusive property of MSCI Inc. (MSCI). All rights reserved. This information may not be reproduced or disseminated in any form and may not be used to create any financial products without MSCI's express prior written permission. The information is provided "as is". In no event shall MSCI or any of its affiliates have any liability to any person or entity arising from or related to this information.

TSX© Copyright 2017 TSX Inc. All Rights Reserved. The information is provided "as is". In no event shall MSCI or any of its affiliates have any liability to any person or entity arising from or related to this information.

Created by:



PROTEUS
INVESTMENT & GOVERNANCE SPECIALISTS