

# MARKET OUTLOOK



**Sabu Varghese**  
*Portfolio Manager*  
 Phone: (416) 499-1555  
[sabu.varghese@raymondjames.ca](mailto:sabu.varghese@raymondjames.ca)

**SV Wealth Management**  
**Raymond James Ltd.**

8500 Leslie St, Suite #450  
 Markham, Ontario,  
 L3T 7M8

[www.AllinOnePortfolio.ca](http://www.AllinOnePortfolio.ca)

## Read It or Reddit

Reddit is the new sensation in social media and in Wall Street. As we know now, a lot of followers on one of Reddit's forums rushed with their capital to the capital market (not to the Capital Building!) to buy a few stocks, which resulted in the price of those stocks to move up substantially. The general public likes the ideas so far, because of this 'movement', they were able to teach some lessons to a few hedge fund managers with a substantial level of short positions. But we do not know how bad this will turn out for some common investors who might be trying to chase these kinds of trends. Some investors who got attracted to the idea might have bought stocks too late into the rally!!!

The movement on Reddit, even though questionable in nature, has helped shed some light on the unfair market practices. There is hope regulators will bring in more stringent rules on market manipulators. More important for investors, is to be vigilant enough not to fall into such traps. Reddit might be the new sensation; but my advice is "read it" well before investing.

## Vaccination Era

Around the world, the biggest focus right now is to vaccinate everyone. Few companies like Pfizer, Moderna, AstraZeneca, Johnson & Johnson etc. are taking the lead in bringing the solutions to the world. If you "read it" well, their stories are very compelling. Except for Moderna, the share prices of these companies have not performed, despite the success they have brought forth in making and developing vaccines.

## Points to Ponder.

I would like to address two important news items and the impact in stock market. Because of the hype in social media, some stocks are getting excessive valuations without any fundamentals to support. On the other side, some companies that are overlooked, despite the solutions and products they provide to society. From an investor's point of view, it will be interesting to read and think about the impact in the coming days. I strongly believe that fundamentals and profitability matters over the long term.

## 2021 Market update

Market went up at the beginning of 2021, but whatever was gained, was wiped out by the last few trading days in January. Most Wall Street companies are forecasting a 10% to 12% rate of return for 2021 from equity markets. One of the reasons behind it, is because of the pent up demand. Profitability, sales growth etc. will surge after vaccinations allow normalcy to return. Hiccups could be there, but the expected market gain is a reasonable one based on what is happening in overall economy.

Equity	As on Jan 31,2021	YTD %
S&P/TSX	17,337	-0.55
S&P 500	3,714	-1.11
DJIA	29,983	-2.04
NASDAQ	13,071	1.42

## 2021 Financial Planning Facts

Savings	
RRSP contribution limit	18% of earned income to a maximum of \$27,830
TFSA contribution limit	\$6,000
TFSA cumulative limit	\$75,500 for resident taxpayers age 18 and older in 2009
Education Savings	
Maximum RESP contribution	Unlimited annual up to lifetime maximum of \$50,000 per beneficiary
Annual RESP contribution for maximum Canada Education Savings Grant (CESG)	20% of first \$2,500 per beneficiary = CESG up to \$500. Plus 20% of next \$2,500 per beneficiary if carryforward room is available = additional CESG up to \$500. Maximum annual CESG = \$1,000/year/beneficiary. Maximum lifetime CESG limit is \$7,200 per beneficiary.
BC Training and Education Savings Grant (BCTESG)	\$1,200 one-time payment for child born in 2006 or later; no RESP contribution required to receive grant; apply on 6th birthday
Quebec Education Savings Incentive (QESI)	10% of first \$2,500 = \$250/year, plus carryforward allowed up to \$250/year, lifetime maximum of \$3,600

*Not intended to solicit clients currently working with a 3Macs or Raymond James Financial Advisor.*

*Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and does not take into account sales, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.*

*This newsletter has been prepared by Sabu Varghese and expresses the opinions of the authors and not necessarily those of Raymond James Ltd. (RJL). Statistics, factual data and other information are from sources RJL believes to be reliable but their accuracy cannot be guaranteed. It is for information purposes only and is not to be construed as an offer or solicitation for the sale or purchase of securities. This newsletter is intended for distribution only in those jurisdictions where RJL and the author are registered. Securities-related products and services are offered through Raymond James Ltd., Member-Canadian Investor Protection Fund. Insurance products and services are offered through Raymond James Financial Planning Ltd., which is not a Member-Canadian Investor Protection Fund.*