FIRST CAPITAL FINANCIAL

WORLDSOURCE FINANCIAL MANAGEMENT INC.
Sponsoring Mutual Fund Dealer

The first week or two of a new year affords an opportunity to look back on the previous one, and draw some conclusions. Conclusion number 1: Canadians can afford to vacation in the beautiful Seychelles islands this year (post-vaccination). Located 1,500 kilometres east of central Africa in the Indian Ocean, this archipelago is a protectorate of the United Kingdom and known for powdery soft sand beaches, cerulean blue waters and unparalleled diving where water temperatures average 29 degrees, and feature an incredible diversity of sea life including rarely-seen ribbon tailed stingrays. It's probably the closest to the Garden of Eden you could find on Earth. So beyond the obvious of course, why the Seychelles you ask? The answer is found <here> in the Globe & Mail article which summarizes how the Canadian dollar performed relative to 139 other currencies in 2020. Scroll down to the the Seychelles rupee and you will see the Loonie gained almost 37% against it, making travel to this remote paradise affordable at last.

"Do me one favor, will you—stop saying 'entre nous.'"

For that matter *most* currencies weakened against the Canadian dollar last year, including the U.S. dollar which lost 2%. By way of contrast, were you to be considering a holiday to Haiti, the cost of the trip would be a whopping 50% more, given the inexplicable rise of the Haitian gourde by this amount. Swedish meatballs enjoyed in their home country would see Canadian travellers shelling out an additional 12%, while a Danish in Denmark would cost a buck-eight, and real Swiss Cheese in the Helvetian Republik would fetch a dollar seven to the Swiss Franc (unfairly expensive considering all those holes in the cheese!)

To bring this closer to home, currency is one of many factors that influence the performance of investment funds over time. Currencies have a tendency to be both volatile in the short term and often defy rational explanation as to why they move in one direction or another. Canada, like most governments worldwide, has borrowed heavily as a way of sustaining our domestic economy during the Covid-19 pandemic. It's fiscal position has deteriorated considerably, and our primary export -Oil & Gas- has languished due to lower demand (whose driving much these days?) Yet our dollar performed well in 2020, in part because it is seen as one of the least worst options for currency traders out there. We will see what happens this year, though the efficiency and effectiveness of vaccination programs will likely move currencies more so than any other factor.

Long term, our institutional partners at **Dimensional**, **Edgepoint**, **Guardian** and **Mackenzie Financial** position their investment funds in a currency agnostic way, where over long periods of time the total return of a fund comes largely from the underlying securities they hold. This is in contrast to seeking to generate returns from speculative bets on currencies going one way or the other. It's always about fundamentals and holding a well-diversified global balanced portfolio managed by strong management teams is a tried and true way to build wealth over the long term. This is our commitment to you long term as well. As for the short term, when your name is called, go get your Covid-19 shot and then book your flight to the Seychelles and stay three weeks for the price of two. All thanks to our Canuck Buck which had a banner year in 2020. Come to think of it that would mean an extra Mai Tai at Happy Hour too! Click <here> For a short YouTube travel guide to vacationing in the Seychelles and start planning!

Be safe, be well!

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