



JANUARY 2021 MARKET UPDATE

Welcome to 2021! It certainly feels great to say goodbye to the year 2020. We do not want to spend much time re-hashing the events and anxieties that came last year. We do enter the new year with a high degree of optimism and increasing confidence that the challenges we face in society as a result of the pandemic are looking much better.

Some of the anxieties and frustrations of 2020 can also be valid when looking at the performance of the investment markets. We are all aware of the collapse in equity prices last February, March and April. The recovery in company share prices has not been consistent, nor spread out through many companies. As we close out 2020, we see that the TSX300 finished the year up 2.1%. In the U.S., the DOW Jones was up 7.2% and the S&P500 was up 16%. Much of the S&P500 (and NASDAQ) outperformance comes from those companies that benefit from people not having to leave their home again. In some cases, share price strength was warranted. In others, the increase in share price cannot be explained through fundamentals nor common sense. Speculating in the equity markets is very much evident. The importance for a company to generate earnings and a positive cash flow is ignored in the minds of speculators.

The U.S. market even saw a company go public through its listing on an exchange. The share price shot up sharply on its first day of trading. Investors did not seem concerned that their prospectus stated that as a private company they had never made a profit, and it was possible that they may never make a profit as a public company. Like we saw in 1999-2000, there may be heartbreak ahead for some speculative traders.

Looking to 2021 and the year ahead, we have that light at the end of the tunnel getting closer. With each day comes more people getting their shot in the arm. One common topic of discussion is now “when will I be able to get vaccinated?” This is a positive development as we prepare for the coming weeks and months.

With the higher numbers of infections and unfortunate deaths, the next few months will remain volatile and, at times, challenging. The vaccine rollouts, while positive, will not be without its hiccups. The campaign to vaccinate an entire population is one of the largest logistical programmes society has initiated. There are going to be delays and challenges. As I have written previously, it is important to note that the media likes to distribute bad news. Bad news and fear keeps us watching, listening or reading. We will get past all of these challenges and get to the other side. Nothing is 100% guaranteed. What has caused society to think that if it is not completely perfect, then it is a failure? Stuff happens. We will remain positive and start planning events for whenever our favorite events can occur again.

For investments in 2021, the longer-term outlook is positive for equity investments. Many of the companies that strive on a return to a more normal economy should show more strength on the coming year.

We will be calling you in the near future to review and discuss a number of items. In the meantime some points to raise:

- 1) Valerie and I welcome Isabella Bottay who joins us for the next four months as part of her UVIC Co-Op term. She will be assisting us with some of the daily administrative items. Welcome Isabella!
- 2) 2020 Performance Reports will be mailed to you in the coming weeks. We will review these reports with you.
- 3) The 2021 Tax Free Savings Account contribution level has been set at \$6,000 again this year. We will be in touch with you to ensure your contribution is made.
- 4) If you have a RRIF or LIF, we will be sending you your 2021 minimum withdrawal amount. We will also be reviewing this with you.
- 5) 2020 Tax slips. I know none of us wants to think about income taxes already, tax slips should start coming to you around the end of January. We will also be providing 2020 Realized Gain and Loss reports for your use. Please hold on to anything that looks like it might be needed to your income taxes. More to follow.

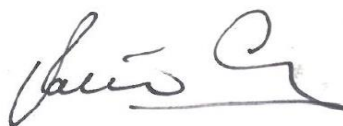
We welcome you to reach out, we are here to assist you.

Stay safe, stay healthy and always remain optimistic yet cautious.

Best regards,
CIBC Wood Gundy



Ron A. McQuarrie
Investment Advisor
250 361-2267
ron.mcquarrie@cibc.ca
www.cibcwg.com/ron-mcquarrie



Valerie Charron, FMA
Financial Associate
250 361-2266
valerie.charron@cibc.ca

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