



MONTHLY COMMENTARY

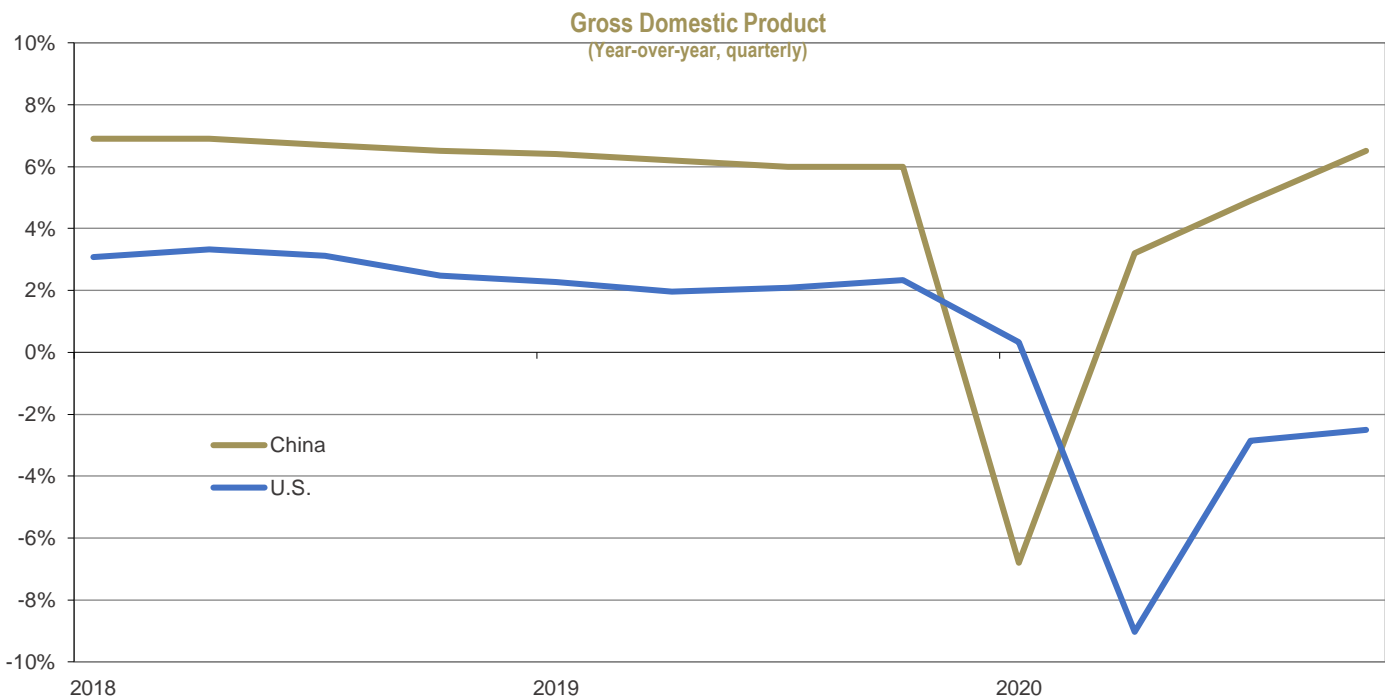
February 2021

Alfred Lam, MBA, CFA
Senior Vice-President & Chief Investment Officer
CI GAM | Multi-Asset Management

Richard J. Wylie, MA, CFA
Vice-President, Investment Strategy
CI Assante Wealth Management

Toshi K. Okada, B.MOS
Analyst, Investment Strategy
CI Assante Wealth Management

China recovers as U.S. continues to struggle



Source: U.S. Bureau of Economic Analysis; China National Bureau of Statistics as at January 22, 2021.

MARKET FOCUS

U.S. recovery still on the horizon

The U.S. Bureau of Economic Analysis announced that real GDP grew at an annual rate of 4.0% in the final quarter of 2020. This marked a material deceleration from the 33.4% pace (on the same basis) reported in the third quarter. In

addition, for the 2020 calendar year, overall economic output declined 3.5%, the first annual contraction since 2009 (2.5%) and the worst year since consistent data was first collected in 1947. At the close of the year, a full recovery remained on the horizon, with output still 2.5%



below the cyclical peak recorded in the final quarter of 2019. Not surprisingly, the labour market is in a similar position. As of January, non-farm payrolls were 9.8 million below the February 2020 peak. However, widespread increases of vaccinations within the U.S., coupled with an anticipated increase in fiscal stimulus, point to continued economic expansion in the first quarter of 2021.

China recovery – first in, first out

China, who has the world’s second-largest economy, saw output move back above pre-pandemic levels in the final quarter of 2020, affirming a V-shaped recovery from the worst downturn in recent memory. The National Bureau of Statistics revealed that GDP advanced 6.5% in the fourth quarter of 2020 from the year earlier. The latest reading marked the best year-over-year growth figure since the third quarter of 2018 (6.7%). China was the first nation afflicted by the COVID-19 pandemic and suffered a record 6.8% year-over-year contraction in the first quarter of 2020. Despite the fourth-quarter rebound, the broader economy expanded by a relatively modest 2.3% on a full-year basis, the weakest calendar-year advance since 1976. Still, China’s economy is the first to move beyond the pandemic and economists now predict that it will surpass total U.S. economic output by 2028.

Consumer spending in Canada continues

The latest update from Statistics Canada revealed a 1.3% surge in retail sales during November. This came as a surprise to market watchers as the agency’s forward guidance – which was provided just a month earlier – stated that, “an advance estimate of retail sales suggests

that sales were relatively unchanged in November.” Interestingly, in the latest report, Statistics Canada provided another advance estimate, “which suggests that sales declined 2.6% in December.” Given the November disparity, investors can be forgiven for taking this forecast with a grain of salt. In either case, Canadian consumers were quick to recover from the initial impact of the pandemic. The dramatic decline in retail activity seen in the spring was reversed by the time June data was tabulated; since then, retail spending has recorded five consecutive monthly advances. Accordingly, a softening in December would not be out of line given the circumstances.

LONGER VIEW

Markets are searching for any certainty around the potential fallout from the spread of COVID-19. With economic activity shut down around the globe, central banks and governments are doing “whatever it takes” to keep the economic system functioning. Central banks have responded by cutting interest rates, creating programs to keep credit flowing and increasing the size of their asset purchasing programs – which effectively means printing money to buy assets. On the fiscal side, governments are expected to provide “helicopter money” to individuals who have been forced out of work. While we are not sure of the exact timeline, we are confident that this period of stress will eventually pass and investors with long-term horizons have an excellent opportunity to purchase stocks at bargain prices.



For more information, we encourage you to speak to your advisor or visit us at [assante.com](https://www.assante.com)

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Assante Wealth Management and the authors believe to be reasonable assumptions, neither CI Assante Wealth Management nor the authors can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

Although the above information has been compiled from sources believed to be reliable, as at the date indicated, we cannot guarantee its accuracy or completeness. The information is provided solely for informational and educational purposes and is not to be construed as advice in respect of securities or as to the investing in or buying or selling of securities, whether express or implied. All data provided are subject to change without notice. CI Assante Wealth Management (“Assante”) is an indirect, wholly owned subsidiary of CI Financial Corp. (“CI”). The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds and other fee-earning investment products for Canadian investors through its wholly owned subsidiary CI Global Asset Management. If you invest in CI products, CI will, through its ownership of subsidiaries, earn ongoing asset management fees in accordance with applicable prospectus or other offering documents. CI Assante Wealth Management is a registered business name of Assante Wealth Management (Canada) Ltd. CI GAM | Multi-Asset Management is a division of CI Global Asset Management. CI Global Asset Management is a registered business name of CI Investments Inc. Neither Assante nor any of its affiliates or their respective officers, directors, employees or advisors are responsible in any way for damages or losses of any kind whatsoever in respect of the use of this information. This report may not be reproduced, in whole or in part, in any manner whatsoever, without the prior written permission of Assante. © 2021 CI Assante Wealth Management. All rights reserved.