

January in Review

Markets got off to a slow start for the year, with equities and bonds generally declining in January. U.S. markets dipped, with the S&P 500 down 1.0% and the Dow Jones Industrial Average down 2.0%. The EAFE index, representing international developed markets, lost 1.1%. The MSCI Emerging Markets index was an outlier, with a strong gain of 3.0% led by performance in Hong Kong and South Korea. In Canada, the S&P/TSX Composite declined 0.3%, with notable weakness in Consumer Staples, Materials, and Industrials sectors, which were down 5.3%, 3.5%, and 2.9%, respectively. WTI crude oil continued to gain, up 7.3% in January, and up 41.1% over the past three months. Gold moved lower by 2.6%. Bonds moved lower, with the FTSE Canadian Universe Bond index down 1.1%.

Here are some of January's most notable headlines:

U.K. approved COVID-19 vaccine developed by Oxford University and AstraZeneca. Britain is the first country to approve this vaccine. While the country has already administered hundreds of thousands of shots of the vaccine developed by Pfizer and BioNTech, this new vaccine is expected to play an important role in quickly getting people vaccinated. Prime Minister Boris Johnson's government has ordered 100 million doses of the new vaccine, which is notable for being cheaper and easier to distribute than some of its rivals.

Oil prices surged on news of OPEC+ deal. The Organization of Petroleum Exporting Countries (plus Russia) surprised the market in January with a deal to cut production. While Russia and Kazakhstan will make tiny production increases, Saudi Arabia will cut production by one million barrels per day. Saudi Arabia's move to lift prices can be viewed as an effort to take pressure off weaker OPEC members' budgets, to ensure compliance and discipline with OPEC agreements. Oil prices rallied on the news, with WTI and Brent crude rising to nine-month highs.

The "Reddit rally" caused volatility among stocks championed on online forums. A handful of previously out-of-favour stocks with large short interest saw wild volatility in January, led by retail traders. The shares of companies such as GameStop, AMC, Koss, and BlackBerry rallied, as investors attempted to drive the prices higher to create a "short-squeeze", whereby investors who had bet against the stocks would be forced to buy the shares to cover their positions, thus driving the share prices higher still. The stocks involved were discussed on online forums, such as on Reddit. Hedge funds and other short sellers suffered large losses, and were forced to sell other unrelated stocks to cover the losses.

Did you know?

Retirement is Leading Financial Priority for Canadians

A recent Scotia Global Asset Management Investor Sentiment survey indicated retirement savings ranked as Canadian's most important financial priority. The survey revealed 45% of respondents believe contributing to their long-term investments as their top focus, up from 41% in May 2020. Day-to-day cashflow and expense management and paying down debt ranked as the most important priority for 16% and 15% of Canadians, respectively. The survey also indicated that personal savings is the leading income source that Canadians expect to rely on in

retirement. Seventy-nine percent of non-retired and 75% of semi-retired and retired Canadians expect to rely on personal retirement savings such as RRSPs, TFSA's and savings accounts as a source of income in retirement. The Canada Pension Plan or Quebec Pension plan also ranked highly with 68% of non-retired and 82% of semi-retired and retired Canadians citing these as a source of income they expect to rely on in retirement.

March 1, 2020 is the deadline to make your RRSP contribution for the 2020 tax year. This year's maximum is 18% of your 2020 income (minus any pension adjustment) to a maximum of \$27,230, plus any unused contribution room.

INDEX†	1 Mth	Change (%) YTD	1 Yr	Index Level
Treasury Bill (FTSE Canada 60 Day T-Bill)	0.01	0.01	0.60	166
Bonds (FTSE Canada Universe Bond)	-1.11	-1.11	4.44	1,208
Canadian Equities (S&P/TSX Composite)	-0.32	-0.32	3.45	17,337
U.S. Equities (S&P 500, US\$)	-1.02	-1.02	17.24	3,714
Global Equities (MSCI World, US\$)	-0.97	-0.97	16.08	2,662
Emerging Markets (MSCI Emerging Markets, US\$)	2.99	2.99	28.23	1,330

CURRENCIES†	1 Mth	Change (%) YTD	1 Yr	Exchange Rate
C\$/US\$	-0.33	-0.33	3.61	0.78
C\$/Euro	0.31	0.31	-5.31	0.64
C\$/Pound	-0.64	-0.64	-0.19	0.57
C\$/Yen	0.97	0.97	0.07	81.92

COMMODITIES (US\$)†	1 Mth	Change (%) YTD	1 Yr	Price
Gold Spot (\$/oz)	-2.60	-2.60	14.36	1,850.30
Oil WTI (\$/barrel)	7.34	7.34	3.65	52.20
Natural Gas (\$/MMBtu)	1.50	1.50	5.69	2.56

† Total Return, as at January 31, 2021. Indices are quoted in their local currency. Source: Bloomberg

* Registered trademark of The Bank of Nova Scotia, used under licence. © Copyright 2021 1832 Asset Management L.P. All rights reserved.

This document has been prepared by 1832 Asset Management L.P. and is provided for information purposes only. Views expressed regarding a particular investment, economy, industry or market sector should not be considered an indication of trading intent of any of the mutual funds managed by 1832 Asset Management L.P. These views are not to be relied upon as investment advice nor should they be considered a recommendation to buy or sell. These views are subject to change at any time based upon markets and other conditions, and we disclaim any responsibility to update such views.

Information contained in this document, including information relating to interest rates, market conditions, tax rules, and other investment factors are subject to change without notice and 1832 Asset Management L.P. is not responsible to update this information. To the extent this document contains information or data obtained from third-party sources, it is believed to be accurate and reliable as of the date of publication, but 1832 Asset Management L.P. does not guarantee its accuracy or reliability. Nothing in this document is or should be relied upon as a promise or representation as to the future. Investors should consult their own professional advisor for specific investment and/or tax advice tailored to their needs when planning to implement an investment strategy to ensure that individual circumstances are considered properly and action is taken based on the latest available information.