

December 10, 2020

I hope you and your family are well. Things look very different this year as we start the Christmas and holiday season. The number of COVID-19 cases continues to increase around the world and many regions have heightened restrictions while others have entered lockdowns once again. Despite this, there are reasons for hope based on significant progress toward a COVID-19 vaccine.

Here is a brief update with some of the month's developments and related thoughts:

- The S&P 500 Index had its best U.S. election week since 1932, gaining more than 1% daily for four consecutive days. Democrat Joe Biden was declared president-elect by major media outlets after an intense five days of ballot counting. Despite repeated claims of voter fraud, the Trump administration formally recognized Mr. Biden as the apparent winner on November 23, allowing Mr. Biden to start building his leadership team.
- Pharmaceutical firms Pfizer, Moderna and AstraZeneca announced promising COVID-19 vaccine progress after their vaccine candidates were found to be 95%, 94.5% and 90% effective, respectively, in late-stage trials. The news gave global markets a boost as the outlook for a global economic recovery improved. The Canadian government has agreements with all three firms to reserve millions of doses of potential vaccines once approved.
- Canadian home sales in fell in October for the first time since April. Home prices and sales had reached record highs over the summer due to record-low interest rates and increased demand for spacious suburban dwellings amid the pandemic. Recent data suggests the market is cooling as more properties become available in Canada's largest cities.
- The global economy is forecast to shrink 4.4% in 2020 and expand by 5.2% in 2021 based on estimates from the International Monetary Fund as ongoing lockdowns and travel restrictions negatively affect economic output. Global debt is expected to reach a record US\$277 trillion by the end of the year as governments continue to offer support to individuals and businesses affected by the pandemic, as reported by the Institute of International Finance.

How does this affect my investments?

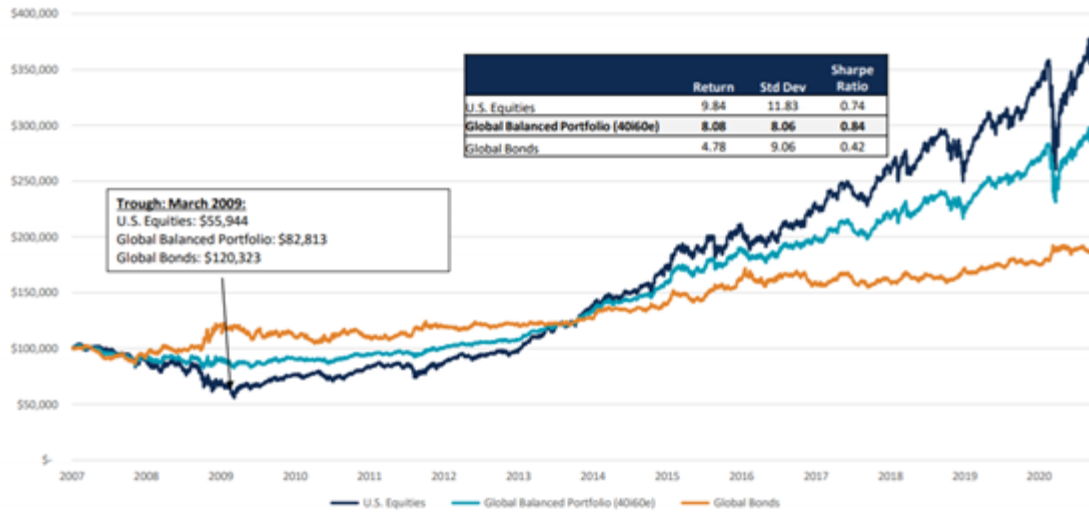
The promising vaccine announcements from Pfizer and Moderna prompted a selloff of U.S. technology and other growth stocks that had soared in recent months. Some investors are now shifting their focus from stocks in firms that facilitate pandemic-related technology, like work-from-home, toward more traditional firms that may currently be undervalued, such as industrials and financial services.

Which investments will outperform as a post-pandemic world slowly becomes within reach?

The best-performing stocks and sectors can change drastically over short periods of time, making it difficult to predict the winners and losers. We have worked together to protect your portfolio and mitigate risk by broadly diversifying your investments - ensuring that all of your eggs aren't in one basket. In the chart below, a global balanced portfolio (composed of both equities and bonds) is used as an example to show how diversification *may* help to achieve attractive returns over time while reducing overall investment risk, giving you a smoother ride.

The Case for Diversification

A global balanced portfolio produces a smoother ride



Source: Morningstar Research Inc. using daily returns in CAD. As of September 30, 2020. U.S. Equities = S&P 500 TR CAD; Global Balanced Portfolio = S&P 500 TR CAD (60%) + Bloomberg Barclays Global Aggregate Bond TR CAD (40%); Global Bonds = Bloomberg Barclays Global Aggregate Bond TR CAD

A global balanced portfolio experiences less volatility than a portfolio invested only in U.S. equities or global bonds.

If you have any questions about your investment plans, I would be happy to discuss them with you. Please do not hesitate to call me with any questions.

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