

February 2021

Inflation Concerns

During the month, yields on long-dated government bonds spiked, representing the growing unease market participants are having with higher inflation expectations. These higher yields carried through into a sell-off of stocks that have been leading markets over the last year. For a deeper understanding of what is happening with this repricing, we invite you to [read a commentary](#) prepared by one of our Associate Investment Advisors, James Gilbert. The commentary discusses the recent movements in U.S. Treasury yields, the impact this has on equity prices, and how this has carried over into our portfolio construction.

Statistics Canada reversed a change made to their inflation methodology, which they had only unveiled five days prior. The new methodology lowered inflation estimates on core prices and was met with negative feedback from economists. After reversing the changes, the Bank of Canada announced a yearly increase in core inflation of 1.8%, from the previously announced 1.5%.

As infection rates begin to slow and the Canadian economy slowly moves towards a broader reopening, pressure is being lifted off credit markets, allowing the Bank of Canada to reduce the frequency and size of its Quantitative Easing programs. The Bank will now only purchase Provincial Bonds once per week and will reduce the maximum size of its tenders from \$100M to \$50M as part of their Corporate Bond Purchase Program, which was designed to support the liquidity of the corporate debt market.

The Global Risk Institute Risk Outlook released at the end of January is an annual survey of top financial institutions and what risks they perceive to have the greatest potential impact on the Canadian economy. While economic risk was ranked highest for severity to the Canadian financial system, the risks that increased the most from the previous survey were Climate Change and Credit risk.

Oil prices climbed due to shutdowns at refineries in Texas as cold weather created energy shortages and disrupted operations. Prices on West Texas Intermediate ended the month above \$62USD, up 20% from the start of the month. This puts the price solidly above pre-pandemic levels which may be difficult to sustain.

Portfolio Contributors

- EdgePoint Global Portfolio added 7.41%. The rotation from Growth has been beneficial for the fund's portfolio.
- The BMO Global ESG Leaders ETF added 2.11%, buoyed by the performance of its U.S. equity holdings.

Portfolio Detractors

- The Ninepoint Gold Bullion fund pulled back 6.65% over the month as investors adapt to changing market environments.
- Continuing with the Growth-to-Value rotation theme, shares of the iShares Clean Energy ETF fell 13.51% over the month.

All performance data generated and retrieved from SIA Charts (siacharts.com)



Invest with
PURPOSE

Investment and Benchmark Performance

as of February 28th

Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2021	2020	2019	2018	2017
CPF Fixed Income Model	-2.0%	-2.0%	-0.7%	0.2%	3.2%	3.3%	-2.7%	4.5%	7.6%	-0.4%	3.4%
Canadian Universe Bond Index	-2.7%	-3.5%	-2.9%	1.0%	4.4%	3.1%	-4.0%	8.6%	7.3%	1.0%	2.4%
CPF Equity Model	-1.5%	6.3%	21.0%	23.5%	9.8%	11.4%	0.7%	13.6%	19.2%	-3.6%	15.0%
MSCI World Index (CAD)	2.1%	3.8%	8.5%	20.2%	9.6%	11.7%	1.7%	11.4%	21.5%	-1.5%	14.4%
CPF Alternative Model	-0.3%	1.4%	0.8%	6.0%	4.7%	6.5%	-0.3%	6.5%	5.2%	1.9%	9.4%
Absolute Return of 5% Per Year	0.4%	1.3%	2.5%	5.0%	5.0%	5.0%	0.8%	5.0%	5.0%	5.0%	5.0%
CPF North American Stock Model	4.5%	2.9%	14.4%	13.7%	11.0%	15.3%	3.2%	12.2%	24.9%	-4.2%	27.5%
50% S&P/TSX60 + 50% S&P500	3.0%	4.7%	8.8%	19.5%	10.2%	12.5%	2.4%	10.0%	25.5%	-6.9%	15.1%

All performance data tracked in SIACharts. All returns are gross of advisor fees.



Name	1-Mo	3-Mo	6-Mo	1-Yr	3-Yr Annualized	5-Yr	YTD 2021	2020	2019	2018	2017
Conservative Portfolio	-1.3%	-6.7%	-4.1%	-2.2%	2.3%	3.3%	-1.0%	6.6%	10.0%	-1.4%	4.9%
Conservative-Balanced Portfolio	-1.3%	-0.2%	4.1%	6.1%	4.9%	4.9%	-0.8%	7.6%	10.8%	-1.6%	5.2%
Balanced Portfolio	-1.2%	0.6%	6.2%	8.2%	5.5%	5.6%	-0.5%	8.4%	12.0%	-2.0%	5.8%
Balanced-Growth Portfolio	-1.2%	1.5%	8.3%	10.4%	6.1%	6.2%	-0.2%	9.2%	12.3%	-1.8%	6.9%
Balanced-Growth w/ Stock Portfolio	-0.6%	1.4%	8.1%	12.6%	7.6%	7.9%	0.1%	12.7%	13.6%	-1.5%	8.9%
Growth Portfolio	-1.2%	2.0%	9.3%	11.4%	6.3%	6.6%	0.0%	9.4%	12.7%	-1.9%	7.5%

All performance data tracked in SIACharts. All returns are gross of advisor fees.

Proxy funds used for benchmark indexes:

- Canadian Universe Bond Index: iShares Canadian Universe Bond Index EFT (XBB.TO)
- MSCI World Index (CAD): iShares MSCI World Index EFT (XWD.TO)

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