

### **Monthly Market Commentary**

Spring is almost upon us! We have a lot to look forward to this time of the year like the snow melting and warmer weather, to name a few. In addition, with the vaccines being distributed across the country, we get to look forward to life as we once knew it! We hope that you and your family can remain safe and healthy until we get the go ahead to resume life as normal!

The late month sell-off phenomenon that we saw in January continued into February with markets consolidating some of their gains seen over the last three months yet finishing the month in positive territory. Markets have started pricing in higher growth and inflation expectations for a few months now as evidenced at the sector and factor level where cyclical and inflation beneficiaries have outperformed relative to defensive sectors and style factors. Global yields have also risen over this same period, which we believe is a market reflecting better economic outlook and rightly so, as we start to see better economic growth in the next few quarters fueled by stimulus, re-opening of economies globally, stronger consumer confidence as more people are vaccinated, and finally comparative base effects over last years depressed levels.

After a short spell of weaker high frequency economic data, momentum is starting to pick up as seen in retail sales and the latest PMI's that were stronger than expected and should remain on track for further upside in the first half of the year. Fourth quarter earnings have also been better than expected and are in positive territory after a few quarters of negative growth with 95% of companies reporting so far. All things considered, we should expect further improvement in economic activity and growth over the next few quarters, which should bode well for risk assets.

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