

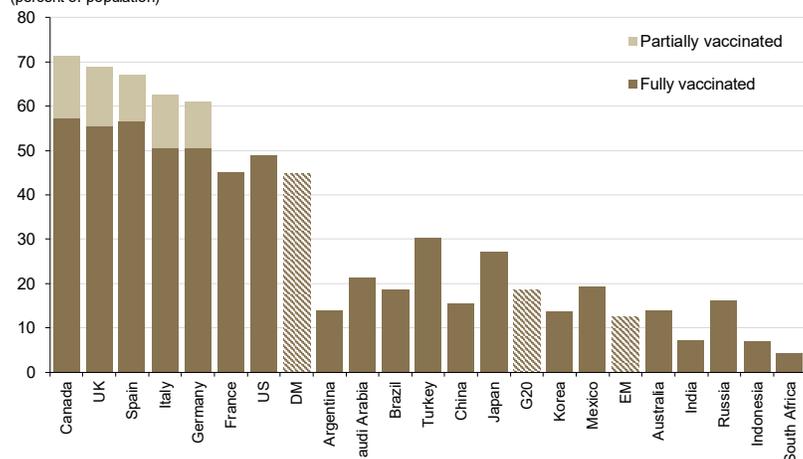
August 2021

Delayed Gratification

In a well known Stanford University study¹ conducted in the early 1970s, children were presented with a choice: receive one small reward immediately, or two small rewards if they could wait for a period of time. Follow-up studies showed that the children who were able to wait for the greater rewards were more likely to achieve positive outcomes later in life. While the “Stanford marshmallow experiment” has its share of detractors, it does draw parallels with the choices policymakers have faced during the pandemic – fulfill the immediate desire for social gatherings, dining out, and travel, or delay the availability of these activities with the aim of achieving a healthier more productive society in the future.

Clearly, the main tool to help us move past the pandemic is to vaccinate as many people as possible against COVID-19. While significant progress has been made, results across the globe are anything but uniform.

Share of people vaccinated against COVID-19, G20
(percent of population)



Data to July 27, 2021
Source: Our World In Data, Guardian Capital

Canada’s vaccine program, much maligned early on, now leads the world in the share of its population that has received at least one shot. While many developing nations are far behind due to limited distribution capacity, numerous developed countries are still not as far along as they otherwise would be, were it not for partisan politics and vaccine skepticism.

Indeed, in the US, the political divide on vaccination is wide. A recent poll by the Kaiser Family Foundation² found that 86% of those who identified as Democrats received at least one shot, compared to only 52% of Republicans.

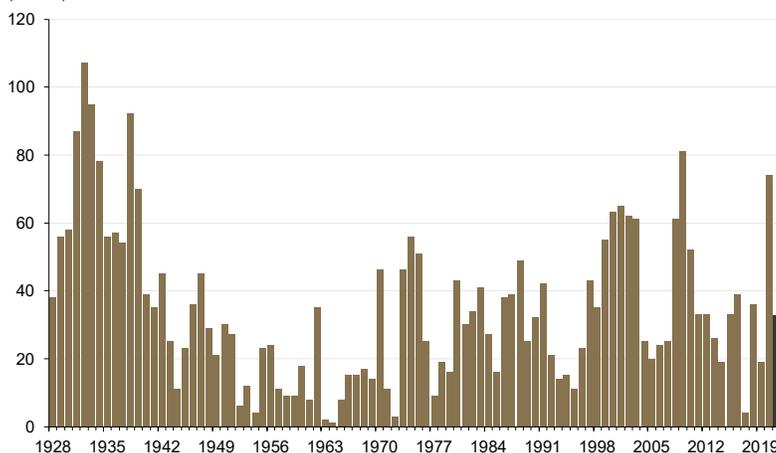
In an effort to increase uptake some are turning to vaccine mandates, but these are not without controversy. Indiana University and many private schools now require students and workers to be vaccinated. This approach is proving to be effective, since these schools are reporting high uptake in vaccinations; however, US critics and some politicians are suing the schools to put an end to such mandates. In France, President Emmanuel Macron announced a policy that requires people to show proof of vaccination or a recent negative test, in order to eat at a restaurant, attend a movie or participate in many other activities. More than 100,000 people marched to protest Macron’s policy.

The good news, however, is that vaccines are working. Despite a recent surge in daily COVID-19 case counts in the UK, the mortality rate has remained low. Recent positive cases of 40,000 per day were accompanied by less than 100 reported daily deaths. During the previous wave, reported deaths per day were averaging more than 1,000 with a similar positive case count, highlighting the tremendous benefits of the vaccine rollout in the UK.

So what has all this meant for the financial markets?

While there have been periods of volatility in 2021, these remain well below the levels seen in 2020. So far, in 2021 (as of July 27), there have been 33 days where the return on the S&P 500 was greater than 1% or less than -1%. In 2020, there were 74 such days to this point of the year (109 for the year as a whole, which was the largest tally since 2009). In the five year pre-crisis (2015 to 2019). The average for the year to July was 26 days, indicating that volatility remains slightly above recent history.

S&P 500 daily moves or more than 1% in absolute terms, year-to-July
(number)



Data to July 27, 2021
Source: Bloomberg, Guardian Capital

No one said a global pandemic would be easy. Despite the challenges that lie ahead, the amount of progress made in the fight against COVID-19 in a relatively short period of time has been remarkable, albeit uneven across the globe. As with investing, and perhaps even marshmallows, patience and prudence may lead to greater long-term rewards.

¹ Mischel, Walter; Ebbesen, Ebbe B. (1970). "Attention in delay of gratification". *Journal of Personality and Social Psychology*. 16 (2): 329–337
² Hamel, Liz, Lunna Lopes, Audrey Kearney, Grace Sparks, Mellisha Stokes and Mollyann Brodie, "KFF COVID-19 VACCINE MonitorL June 2021." *KFF*, 30 June 2021, www.kff.org/coronavirus-covid-19/poll-finding/kff-covid-19-vaccine-monitor-june-2021/

This document includes information and commentary concerning financial markets that was developed at a particular point in time. This information and commentary are subject to change at any time, without notice, and without update. This commentary may also include forward looking statements concerning anticipated results, circumstances, and expectations regarding future events. Forward-looking statements require assumptions to be made and are, therefore, subject to inherent risks and uncertainties. There is significant risk that predictions and other forward looking statements will not prove to be accurate. Investing involves risk. Equity markets are volatile and will increase and decrease in response to economic, political, regulatory and other developments. The risks and potential rewards are usually greater for small companies and companies located in emerging markets. Bond markets and fixed-income securities are sensitive to interest rate movements. Inflation, credit and default risks are also associated with fixed income securities. Diversification may not protect against market risk and loss of principal may result. This commentary is provided for educational purposes only. It is not offered as investment advice and does not account for individual investment objectives, risk tolerance, financial situation or the timing of any transaction in any specific security or asset class. Certain information contained in this document has been obtained from external parties which we believe to be reliable, however we cannot guarantee its accuracy. Guardian Capital Advisors LP provides private client investment services and is a wholly-owned subsidiary of Guardian Capital Group Limited, a publicly traded firm listed on the Toronto Stock Exchange.