

February 1, 2022

Dear Clients,

I recently attended the 16th annual iA Private Wealth *Year Ahead Investment Conference*, which featured virtual sessions with some of the top investment minds from both within and outside of my organization.

The purpose of the event was to help attendees get a better sense of the outlook for the markets by showcasing a variety of perspectives. We heard from iA Financial Group's Chief Economist, Sebastian McMahon, as well as from a wide variety of portfolio managers and investment analysts who provided insights on perspectives on what is happening with the economy and how the current environment is impacting what is happening within the worlds of stocks and bonds.

My key takeaways from the conference include the following:

- 2020 was the year of the virus, 2021 was the year of the vaccine, and 2022 is the year of uncertainty. Covid remains an important risk for 2022, as many countries are still going through a test of resolution with rising cases. China's Zero-Covid Policy, a divergent approach to the pandemic from the rest of the world, could potentially create new supply-chain worries feeding the inflation surge.
- To combat inflationary pressures, the Federal Reserve and the Bank of Canada are set to embrace rate hikes in 2022. We may see at least four rate hikes throughout 2022 on both sides of the border.
- While Canada and the U.S. were bright spots, equities didn't have a stellar year elsewhere around the world in 2021. That said, a rotation into non-U.S. markets is likely to be a theme over the next few years. Bonds may see another negative year, but actively managed strategies still play an important role in portfolio diversification.
- Headlines to watch for in 2022 include shortages in labour, imbalances of supply and demand, and potential central bank policy mistakes. Shortages in labour and supply could be a threat to corporate margins and earnings if inflation pressure continues to be significant. In the case of policy mistakes, having yield cushion in your investment portfolio can absorb some of the volatility.

If you would like to hear more about this informative and insightful event, please feel free to reach out.

Sincerely,

Greg Frost

Senior Wealth Advisor