**February XX, 2022**  
  
Dear Client,   
  
Supply chain chaos, high inflation, geopolitical tensions and anticipation on when the Fed would raise rates contributed to volatility in January. Here’s a summary of the notable events that steered the markets.  
  
**COVID-19 and market developments**

* January was a roller-coaster ride for equities as U.S., Canadian and global indexes tumbled, recovered and sold off again before stabilizing and starting to climb a second time at month end.
* Bond markets, which tend to move much slower and in the opposite direction to equities, saw U.S. treasury yields and Canadian yields increase fractionally and the yield curve flatten slightly.
* Following a year of attractive U.S. acquisitions, timely fund launches and investment strategy enhancements, CI Financial reported total assets grew by $152.5 billion to a record $384.1 billion.
* Bitcoin moved with mainstream markets but with more extreme swings, halving in value at one point and compounded by events in Kazakhstan, although it had begun to recover by the end of the month.
* Oil prices, which surged through 2021 and are currently a “thorn in the side” of inflation, hit a seven year peak in January mainly due to ongoing supply chain disruptions and Russia-Ukraine tensions.
* Ontario postponed its reopening through January but started lifting restrictions again at month end. Quebec kept its lockdown measures and briefly flirted with a proposed tax on unvaccinated adults.
* January and February is RRSP season with March 1 the deadline for 2021 contributions. The new year also brings an extra $6000 TFSA room. Both RRSPs and TFSAs hold most types of investments.
* U.S. inflation climbed again, to 7%, its highest level in 40 years, driven by supply chain chaos, labour shortages and rising oil and consumer prices. The Fed called inflation “a severe threat”, reiterating it will raise rates soon, likely in March, as the economy no longer required emergency support. The Fed also stated it was still optimistic inflation will cool later this year.In addition,The Fed confirmed it was on track to complete the winding down of its pandemic stimulus by end of Q1.
* In Canada, inflation rose to 4.8%, its highest level in 30 years and the ninth consecutive month above the Bank of Canada’s 1-3% target range. This stemmed from higher prices for groceries, housing and vehicles. The Bank of Canada opted to hold interest rates but aligning with Fed noted it could be ready to start hike rates in the spring. The Bank of Canada ended its pandemic stimulus last quarter.

**How does this affect my investments?**  
  
We are experiencing a natural, short-term adjustment as markets price in imminent rate hikes and the ending of pandemic stimulus by central banks and speculative investors exit cryptos and tech stocks. It’s important to note economic fundamentals and corporate earnings remain healthy. Inflation will likely cool, as supply chains normalize and prices ease, but settle at a higher rate than we had pre-pandemic. It’s also inevitable the pace of growth will slow after the record breaking double digits returns of 2021.  
  
Regardless of where we are in the market cycle, it’s important to take a disciplined approach to investing and stay focused on your long-term financial goals. We recommend you maintain a diversified mix of asset classes in your portfolio to maximize potential returns and minimize risk. Regularly reviewing and rebalancing your portfolio also helps you remain on track.  
  
We are here to support you in achieving your financial goals. Please do not hesitate to contact us.  
  
  
*The information in this letter is derived from various sources, including CI Global Asset Management, CI Financial, Globe and Mail, CTV News, Marketwatch, National Post, Wall Street Journal, Toronto Sun, MSN.com, Bloomberg, Reuter, Daily Mail, Investment Executive, Bank of Canada and Statistics Canadas at various dates. This material is provided for general information and is subject to change without notice. Every effort has been made to compile this material from reliable sources and reasonable steps have been taken to ensure their accuracy. Market conditions may change which may impact the information contained in this document. Before acting on any of the above, please contact me for individual financial advice based on your personal circumstances.*