**December 2021 Client Letter *template (general)*December X, 2021**  
  
Dear Client,

The global economic recovery paused as equity markets pulled back for only the second month this year.  
  
Here’s a summary of the notable events during November that steered the markets:  
  
**COVID-19 and market developments**

* U.S., Canadian and global stocks closed down over concern about inflation, supply chain disruptions and a new COVID-19 strain. However, markets are still up significantly in 2021, roughly 20-25%.
* Bond prices rose and yields fell following the omicron variant announcement as well as on the Fed’s comments about ending its pandemic stimulus.Another perceived safe haven, gold, also surged.
* Closer to home, Canadian ETFs and mutual funds recorded stellar inflows and assets under management. ETFs garnered $43 billion year to date crossing $300 billion in total. Mutual fund assets increased $44.3 billion to $2.03 trillion over the same period.
* Oil prices fell after the U.S. confirmed it would tap into oil reserves to combat inflation and also on news of the omicron variant and the Fed stating it may have to speed up its bond tapering plans.
* In an attempt to contain the new COVID-19 strain from the outset, the U.S., Canada, the U.K. and several other countries swiftly banned incoming flights from the affected southern African nations.
* Two major international conferences took place in November. The Three Amigos summit between the U.S. Canadian and Mexican leaders was the first meeting of the three since 2016. The COP26 conference in Glasgow, U.K. saw representatives from 200 nations gather to discuss climate change.
* U.S. inflation climbed again, to 6.2%, the highest level since 1990 caused by strong consumer demand, labour shortages, rising prices and supply chain disruptions. The Fed started reducing its bond purchasing program by US$15 billion per month but indicated this might have to be wrapped up quicker to fight inflation. Fed chair Jerome Powell was also reappointed for a second four year term.
* In Canada, inflation continued to go north as well, hitting 4.7%, its highest level since early 2003. The Bank of Canada reaffirmed its belief the current bout of inflation was transitory but admitted elevated inflation may stick around longer than originally expected due to ongoing supply chain bottlenecks and high energy costs. As a result, the bank added it was getting closer to raising rates.

**How does this affect my investments?**  
  
There may be some short term volatility while vaccines are updated, but this new variant should not signal the demise of the global economy’s recovery. Economic fundamentals and corporate earnings remain healthy. The upcoming holiday season with its traditionally high consumer spending will also provide us with some momentum going into 2022. Supply chain disruptions should begin easing next year, helping to cool inflation, although this will likely settle at a higher rate than we had pre-pandemic.  
  
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.  
  
  
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