

Investment Insights

A Quarterly Publication | Forward-Looking Perspectives | April 2022

Our Philosophy A broadly diversified portfolio gives our clients the best chance to achieve their goals while taking as little risk as possible. However, there are fundamental economic realities that warrant consideration as we construct and modify portfolios.

Assumptions & Outlook

- The Russian invasion of Ukraine has created uncertainty in global markets.
- Pandemic related supply chain disruptions continue to plague the markets and economies globally.
- As economic activity accelerates, there has been a significant spike in inflation compared to a deflationary 2020. The key question is; will higher prices stick or is the reopening inflation temporary?
- The Federal Reserve has begun the process of unwinding their intervention by raising rates 0.25%. The Fed is expected to continue increasing interest rates into 2023.
- As of the end of March 2022, our Circuit Breaker is showing a "Normal" sign, with the closing Index value 6.9% above the "Underweight" sign.
- Inflation has spiked to levels we have not experienced in 40 years. It is unclear what the inflation rate will be for the near and intermediate term.

Portfolio Implications

- For clients in the distribution phase, we will continue to review and manage an appropriate level of reserves (i.e. bank cash, money market funds and high quality bonds).
- For clients in the accumulation phase, rebalancing your portfolio to ensure you are aligned with your target allocation may have merit.
- We look for opportunities to harvest tax-losses in clients portfolio's where it makes sense.
- Our investment policy provides the framework and discipline for making investment decisions. We continue to invest globally, in both stocks and bonds.
- The outlook for bonds remains dismal. With absolute yields near zero, it is difficult for investors to keep pace with inflation.

As always, thank you for your trust and confidence.



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