**September X, 2021**  
  
Dear Client,  
  
In August, the global economy continued to recover and expand, but it was a topsy-turvy month due to events in Afghanistan, the Delta variant spreading and speculation about the Fed’s “bond taper”.  
  
Here’s a summary of this past month’s notable market-related events.  
  
**COVID-19 and market developments**

* U.S., Canadian and global stocks notched a seventh straight month of gains, with the S&P 500 Index finishing near its all-time high and TSX Composite Index on its longest winning streak in four years.
* Yields on U.S. government bonds fell after the Fed signaled a timeline for reducing its stimulus measures but reaffirmed the current inflation surge should prove temporary.
* The US dollar hit a nine month high and oil prices a four month low, off the back of the same market-friendly comments from the Fed.
* At its annual Jackson Hole summit in Wyoming, held virtually this year, the Fed indicated it would begin winding down its US$120 billion monthly government bond buying stimulus by year end. The Fed also reiterated it was in no rush to raise rates from their near zero range as the recent U.S. inflation spike was temporary so it was prudent to wait until the labour market improved.
* The Bank of Canada has regularly stated it would intervene if Canadian inflation persistently comes in above its 2% inflation target. However, aligning with the Fed, the bank noted the current bout of higher inflation was likely transitory. The Bank of Canada had also previously announced it was scaling back its stimulus by cutting weekly purchases of federal bonds by about C$2 billion.
* Canada’s top six banks posted solid third quarter earnings that easily beat analyst expectations.
* The Canadian federal government called a snap federal election, scheduled for September 20.
* A raft of leading Canadian companies and provincial and federal government departments announced they would require employees to get vaccinated before returning to the office.
* After months of uncertainty and steep price declines, cryptocurrencies bounced back, led by Bitcoin and Ether which are now trading as their highest levels since May.

**How does this affect my investments?**  
  
With the global economy expanding and inflation rising, the accommodative monetary policies of major central banks that helped markets outperform over the last year are beginning to be pared back. Recent volatility indicates expectations the Fed will start gradually reducing its stimulus soon as well as worries over the Delta variant may already have been priced into the marketplace. Overall, the outlook remains positive driven by strong economic fundamentals and earnings growth.

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.

**IMPORTANT DISCLAIMERS**

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