



SERVICE ENHANCEMENT

As Covid continued to disrupt our lives through the course of 2021, the reduction in travel did free up some time for Jamey and Dave to build on their skills and enhance our service offering. Both earned the Chartered Investment Manager (CIM) designation which requires a combination of intensive coursework and practical experience. The CIM designation paved the way for Dave and Jamey to be registered as Portfolio Managers meaning they are now able to offer discretionary management services.

WHAT WE HAVE BEEN UP TO

Jamey's been navigating life with two teenagers and the commotion and attitudes that come with the territory. Covid restrictions have made hockey a menacing challenge for parents and kids alike. The constant changing of protocols and need to keep everyone healthy, as we all know, has been a test for everyone during this past while. So between Josh and hockey, and Avery working her first part-time job, the Morse taxi service is going just about non-stop. What Jamey has found though, is despite frustration, how his family, co-workers, coaches, etc. are not defeated. Despite fatigue the resiliency most have found is something to be proud of and to turn to when life throws us curves.

Dave's charming little Mackenzie is turning into a determined three year old. She is skating, not quite jumping and twirling, but a far cry (literally) from sitting on the ice and waiting until the lesson was over. Dave's a proud Dad and we all love to hear the stories as milestones are reached and the smiles get bigger. She's by far the cutest boss Dave has ever had.

Blazing trails, hairpin turns, and stunning vistas in the Algonquin area are what Kelly has been up to. Another ATV purchase in 2021 takes Kelly and her three girls into the woods for adventure and escape. Donned with helmet, gloves and snacks, Kelly whiles away the hours, loving every minute.

Deborah chose Fogo Island, Newfoundland, for her destination wedding! It is an island off of an island, in the North Atlantic, void of all the trappings of tourism and everyday hustle and bustle. It is worth the flight, drive, and ferry ride. The people, coastlines, quilts and cod made for an exquisite getaway. Have you ever walked a stunning coastline trail lined with an abundance of wild blueberries? If you haven't and you'd enjoy it, put Fogo Island on your travel bucket list.



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TFSA contribution limit for 2022 is \$6,000.

Withdrawals may be re-contributed; unused room accumulates and carries forward to future years.

RSP contribution deadline is March 2.

We ask that all contributions be in by Friday, February 25, If you need a refresher on how to make contributions online, please let us know.

NOA (Notice of Assessment)

This is the document CRA sends each year following their evaluation of your tax return; please provide us with a copy once you receive it.



ANOTHER WAY OF LOOKING BACK

By the end of 2020, the argument about what shape the recovery would take was settled. It was a V. In 2021, that V started to look more like a check mark. Most investors who held on through a very turbulent first quarter of 2020 have been rewarded.

For 2021, the US stock market, as measured by the S&P500 Index was up 25.71%, the Dow Jones Industrial Average rose by 17.62%, and the technology heavy NASDAQ Index increased 20.26% after posting a 41% return for 2020. Low interest rates continued to provide fuel along with the easing of restrictions on businesses that had stifled growth through year one of the pandemic. The tech giants, of which less than a handful make up more than a quarter of the S&P500, roared ahead reaching eye popping market capitalizations. Apple was closing in on a US\$3 trillion Market Capitalization. Work is abundant and consumer demand remains strong.

Canadian stocks also surged in 2021 after weak performance in 2020. Thanks to higher energy prices and steady performance from financial services, namely the big banks, the S&P/TSX returned 21.74%. Oil prices were a major factor increasing 53% on the year. The financial services sector produced strong earnings but also saw their fortunes improve with speculation that the regulators would remove restrictions that prevented companies from increasing dividends and doing share buybacks. Those restrictions were actually lifted in the 4th quarter. The banks were also able to put more money back to work that had been set aside to cover potentially bad loans.

Unfortunately, bonds did not perform well in 2021 as it became clear that prices were rising and that central banks would be taking a more hawkish stance going forward. Bond prices tend to drop when interest rates rise, resulting in higher yields. The FTSE Canadian Universe Bond Index fell 2.54% for the year after a positive return of 8.68% in 2020. With a number of rate hikes built into bond prices there may be better days ahead. Inflation is the enemy so we will have to see whether rising prices are transitory or here to stay. Only time will tell but it appears as though central banks are intent on gradually lifting rates to more normalized levels. The increases should be moderate, telegraphed, and spaced to avoid an overshoot.

In Europe, markets also rose with the FTSE100 and the DAX posting increases of 12.28% and 6.74% respectively. Asian markets had a rougher time as growth slowed with the Nikkei225 dropping 5.85% and the Hang Seng falling 15.36%.

The issues that have led the conversation in recent months revolve around the impact of Covid variants and supply chain disruptions. We have already seen the impact of labour lost to Covid combined with high demand, Brexit challenges, and a blocked Canal that seemed to have kicked it all off. Inflation is running well above central bank targets but it's a tricky balance. How much will inflation slow as supply chains clear up?

We suspect that 2022 could be another good year for investors with increased volatility. There may be some struggles as the Fed and others tussle with rising prices without stifling growth. We expect higher interest rates and that inflation will be tamed but not without the odd scare along the way. In the end it all comes down to earnings. If public companies continue to thrive, we should see higher stock prices.

Source: Fidelity Market Pulse

Wishing you all happiness, good health, peace and prosperity in the year ahead!

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