

## Investment Update – February 2022

Share markets have had a volatile start to 2022, after strong returns throughout 2021. What has caused this volatility? More than the current geopolitical crisis unfolding in Eastern Europe, inflation remains the key concern for markets moving forward as it is more persistent and higher than first thought. Headline inflation in the US is 7.5%, caused by pent up demand, continued disruptions to supply chains, and low unemployment.

We remain broadly positive about markets due to the strong demand, and increasing activity levels as economies continue to open up and COVID restrictions continue to ease. We remain confident that central banks are able to "thread the needle" between keeping demand in check (through rising interest rates) and keeping their economies out of recession.

We will continue to monitor the situation in Russia and the Ukraine more closely as events unfold. It is worth noting that historically, the market impacts of localised geopolitical events like this have typically been short-lived. Our diversified model portfolios are built on a Strategic (Long-Term) Asset Allocation foundation that includes stress testing for geopolitical events such as this.

For more information please watch the short investment update from Dan Farmer ([click here](#)), who is the Chief Investment Officer and Head of Research for IOOF, who is the licensee under which we operate. If you would like to discuss your portfolio, or anything else, please call us 02 9195 3770.

