TD Asset Management 2022 Fall Symposium

How does the current situation affect my long term plan?
You have a financial/retirement plan for a reason, we developed it together
it should be revisited regularly to ensure you are on track, and/or discuss any changes we need to make time horizon is critical, you likely don’t need all your money in the short term – this too shall pass and we'll get back on track

The last decade (beneficial for investment portfolios) will not be repeated, to the same level, in the next decade. However we anticipate Lower inflation, improved growth and a more accommodative central bank keeping interest rates as low as possible.

Global growth will slow, many areas will suffer, some will survive, some will flourish
It will be a bumpier path, but we have the same investment destination

Rising Inflation has been painful for both equities & fixed income (bonds). This has caused the single worst start to a calendar year for fixed income in history.The record temporary losses in government & corporate bonds is also unprecedented. But 100 year statistics show that stocks & bonds can still perform positively in these inflationary periods

We believe that inflation may have peaked in Canada.Last week's report in Canada was encouraging. However even though inflation will recede (and that's good), we aren't going back to the 2% inflation rate in the immediate future. So the overall inflation will be elevated for a while yet.

Interest rates will continue to rise, but at a slower pace.We expect rates to stay elevated for another 12-18 months before central banks start to pivot and decrease rates again. Elevated rates have a positive impact for maturing bonds as we re-invest them at much higher rates. Long term low risk bonds may rally if the economy deteriorates, and/or interest rates eventually decline.

Soft landing vs Recession discussion
Most experts predict that a "soft landing" is no longer feasible, and have a low expectation that it will happen. Much greater probability of a recession happening, the variables are: duration, intensity, geography and impact

Volatility is here to stay for a while
Several world issues causing stock market uncertainty: pandemic, supply chains, war & geopolitical events, climate change weather events. Increasing performance is important, but avoiding catastrophic losses on any of our individual investments is critical. Volatility creates opportunities for active managers and their dedicated teams of analysts

Active Management will be key – our decision makers are constantly reviewing data and acting accordingly. In 2022 alone, TD Wealth Allocation Team has made 13 significant switches/calls on major themes & direction. We've designed and continue to prepare diversified portfolios for multiple different investment environments. What's worked in past investment cycles is unlikely to work in the next decade – be innovative and constantly changing – be aware of what's coming.

Focus on Quality is paramount
We don't swing for the fences to try & hit giant home runs, because if you miss – you may miss big. We invest in quality companies with: great management, low debt, competitive advantages, market leaders, create free cash flow, and pay dividends to shareholders. 50-70% of our companies continue to grow their dividends yearly (even this past year) at an average rate of 15% per year

Emotional vs Data driven investment decisions
It's very hard to remove emotion from your investment decisions – when it's your money
Let the professionals and their teams analyze the facts and do their job. The natural reaction in difficult times is "I feel like I have to do something", remember the professionals are doing a lot

To use a sports analogy, in 1948 The Cleveland baseball manager was under intense pressure as his team was playing poorly, he stuck to his plan and they won the world series.
His quote was "Sometimes the best trades – are the ones you don't make"