**Here’s a review of how some of the key events from the past twelve months have impacted markets.**

1. Omicron caused markets to experience a period of volatility in December, but markets ended the month and the year with solid gains. The UK’s inflation rate surged prompting the Bank of England to raise interest rates. The US Federal Reserve’s decided to accelerate the tapering of its bond-buying programme sooner than expected.
2. Concerns that the US Federal Reserve would increase interest rates more aggressively to control inflation in 2022 caused markets to fall through January 2022 as investors worry this could choke global growth. Rising tensions in the Ukraine/Russia border also increased uncertainty in markets.
3. High inflation, disappointing earnings results from some tech companies and Russia’s invasion in Ukraine caused turbulence for the financial markets.
4. Despite the uncertainty around the war in Ukraine, markets recovered as the prospect of some resolution looks more likely. The UK and US central banks raised interest rates to combat high levels of inflation. China vows to support its economy despite surging Covid cases causing localised lockdowns.
5. April brought further economic effects from the war in Ukraine, as rising inflation prompted the IMF to cut its forecast for global economic growth. Stock markets fluctuated during the month as investors were concerned about central banks’ plans to raise interest rates to tame rising inflation. Strict lockdowns in China exacerbated inflationary and economic growth concerns.
6. Rising inflation and supply chain problems continue to drive up the cost of living and is putting pressure on company profits. Fears of a recession, as central banks raise interest rates to tackle inflation, also rocked investor sentiment.
7. Markets experienced some June gloom in the wake of lower economic growth forecasts and further interest rate hikes from central banks to combat record-high inflation. The Federal Reserve and the Bank of England were amongst those that raised interest rates in June.
8. Developed markets performed strongly even as the Federal Reserve and European Central Banks raised interest rates to combat high levels of inflation. Data suggests economies are slowing down, which could mean central banks soften their interest rate hikes from here.
9. Equities initially rose in August as investors hoped that central banks would slow the pace of interest rate rises. This view was challenged after the US Federal Reserve announced it would continue to hike to slow the pace of inflation, even if it means risking a recession. Markets subsequently fell.
10. Global equity markets fell as central banks around the world interest rates, pointing to increased concerns about the growth outlook. UK markets suffered a period of turmoil following the announcements of the largest tax cuts since the 1970s.
11. Following forecasts that economic growth is likely to slow, financial markets rallied in October on hopes of an easing in the pace of central bank interest rate rises. Political instability continued in the UK, with the resignation of Prime Minister Truss and the appointment of former Chancellor Rishi Sunak as the new PM. The news seemed to reassure markets.
12. Signs that inflation may have peaked and that central banks could slow down the pace of interest rate hikes boosted markets during November. China’s zero covid policy has been in the spotlight. Strict lockdown rules are impacting economic activity and there are early signs that China may relax its measures.

If you are invested in a range of funds within your portfolio these are likely to be spread across different regions of the world and, depending on your attitude to risk, a range of different assets. This diversification reduces the impact on performance of any individual event like the coronavirus crisis. We take a long-term approach to investing, and we do not let short-term events force us into making decisions about how we manage your portfolio.

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